



CITY OF SAINT CHARLES, MISSOURI



Historic Downtown St. Charles

Comprehensive Annual Financial Report

Calendar Year Ended December 31, 2005

CITY OF SAINT CHARLES, MISSOURI
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2005



Report issued by the Finance Department

Karen D. McDermott
Director of Finance

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Part I – Introductory Section



City of Saint Charles, Missouri

200 North Second Street Saint Charles, Missouri 63301-2891
(314) 949-3200

June 23, 2006

Honorable Mayor
City Council Members; and the Citizens of
City of Saint Charles, Missouri:

It is my pleasure to submit the Comprehensive Annual Report (CAFR) of the City of St. Charles, Missouri for the fiscal year ended December 31, 2005. It is submitted according to the provisions of Sections 3.14 and 5.3(a) of the City Charter. The City Charter requires an annual audit of all City accounts by independent certified public accountants selected by the City Council. This requirement has been complied with and the independent auditors' report has been included in this report. The independent auditors' report is "unqualified", meaning no significant exceptions in accounting practice or presentation were found. Additionally, as explained in more detail later in this letter, the City was awarded the Certificate of Achievement for Excellence in Financial Reporting for its 2004 Comprehensive Annual Financial Report. This is the seventeenth consecutive year our City has received this prestigious award.

Generally Accepted Accounting Principles (GAAP) requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to compliment MD&A and should be read in conjunction with it. The City of St. Charles' MD&A can be found immediately following the Independent Auditor's report.

The responsibility for both the accuracies of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and the results of operations of the various activities of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The CAFR is prepared in accordance with GAAP as promulgated by the Governmental Accounting Standards Board (GASB). The report is presented in three sections and includes the following information:

- Introductory Section – Letter of Transmittal with comments on the operations of the City, the City's organizational chart, a list of City officials, the Government Finance Officers Association of the United States Certificate of Achievement for Excellence in Financial Reporting for its CAFR for the fiscal year ending December 31, 2004.
- Financial Section – Independent Auditors' Report, Management's Discussion and Analysis, Basic Financial Statements and Notes, Required Supplementary Information, Combining and Individual Fund Financial Statements and Schedules.
- Statistical Section – Selected financial and general information presented on a multi-year comparative basis.

PROFILE OF GOVERNMENT

The Primary unit of government is the City of St. Charles and its blended component unit is described as follows:

The City of Saint Charles, Missouri is located in east central Missouri on the Missouri River near its confluence with the Mississippi River, approximately 20 miles west of the City of St. Louis, Missouri. The City of Saint Charles was incorporated as the Town of Saint Charles on November 2, 1809, by the Court of Common Pleas, District of Saint Charles. By an act of the General Assembly on March 10, 1849, it became the City of Saint Charles, Missouri by special charter. The City now operates under a Home Rule Charter effective in 1982 according to the provisions of the Missouri Constitution. As required by GAAP, the City's financial reporting entity includes all activities of The City of Saint Charles, Missouri, and of its blended component unit. The City provides a full range of services. These services include police and fire protection, water, sanitary sewer, ambulance services, construction and maintenance of streets and infrastructure, planning and zoning management, recreational activities, cultural and historic events, and general administrative services. Blended component units, although legally separate entities, are, in substance, part of the primary government's operations and are included as part of the primary government. Accordingly, the City of Saint Charles, Missouri Public Facility Authorities (the PFA), a legally separate not-for-profit corporation, formed to facilitate the acquisition and construction of certain capital improvements solely for the benefit of the City, is blended with the respective funds of the primary government. The City covers approximately 24 square miles and serves as the county seat of the County of St. Charles, Missouri. It is located approximately seven miles from Lambert-St. Louis International Airport, in St. Louis, Missouri. Also, within the central business district near the City's scenic riverfront are North and South Main Street, which are part of a registered historic district.

ECONOMIC CONDITION AND OUTLOOK

The City is an attractive suburban residential community with a diverse economic base represented by a mixture of industrial enterprises, commercial enterprises, support services and an established tourist industry.

St. Charles population has grown to 61,411 in 2005. Property tax assessed values increased 14.4% for the 2005 tax year, reflecting the continued investment in both commercial and residential construction in the community. Industrial and commercial space in St. Charles continues to experience expansion due to the opening of Highway 370. During the fiscal period 2005, permits were issued for commercial developments in excess of \$48 million.

During 2004, Whittaker Builders, Inc. broke ground on the development of New Town at St. Charles. New Town is a planned mixed use development encompassing approximately 638 acres. The region's largest housing development is designed to include five compact, walkable and mixed-use neighborhoods surrounded by a series of lakes. The development is expected to include 4,300 residences. Mixed-use buildings, shops and offices will surround a main square on the town center island. The area is expected to be completed in approximately 12-15 years and exceed \$1 billion dollars.

The City is exploring the feasibility of constructing a community center, which would provide additional recreational opportunities for the citizens.

Ameristar Casinos, Inc., has announced plans to build a 400 room all-suites hotel, with 55,000 square feet of meeting and banquet space, and an entertainment pavilion. Additionally, a 2,350 space parking garage will be constructed on the site. The total cost of the construction is estimated to be approximately \$240 million, with projected completion of hotel in 2007.

MAJOR INITIATIVES

The City continues to utilize revenues generated by a ½ cent sales tax, which are earmarked for capital improvements, to help meet its on-going capital replacement plan and annual street overlay and reconstruction program. Additionally, in 2005 significant progress was made on the Ehlmann/Truman Realignment and 5th Street Extension.

Gaming revenue has continued to provide the City additional resources for capital projects. During 2005, significant progress was made on Cole Creek Stabilization and the 5th Street Extension (as referenced above) and the Veteran's Memorial. The City also completed and made progress on various other stormwater and street reconstruction projects. In fiscal 2006, the City will continue to utilize gaming funds for street and stormwater projects, enhancing facilities, and economic development. Additionally, portions of gaming funds are being utilized to fund certain general fund costs of operation. Some of the more significant projects planned for fiscal 2006 include additional funding on the Cole Creek Stabilization project, 5th Street Improvement (I-70 to Riverbluff) and Community Center funding. The City has also provided funding for annual contributions toward the County Arena project, the Foundry Art center, and various other street and stormwater projects. Some of the funds will also be utilized for a portion of the debt service for the September 1997 Bond Issue which funded water, stormwater, and sanitary sewer improvements.

In late November 2000, the Council amended the redevelopment agreement for the St. Charles Center Redevelopment Area. Pursuant to a redevelopment agreement with the new developer (Greater Missouri Builders), the Council authorized an additional \$12,200,000 in Tax Increment Financing notes for the project. A new Bass Pro opened in August 2001. The renovation of the existing center began in 2005, and additional retail will be constructed during 2006.

Construction of the new Convention Center was completed in April, 2005. During 2003, the City entered into agreements with a private hotel developer and the St. Charles County Convention and Sports Facility Authority (the Convention Authority) to facilitate the construction of a 250-room high-quality, full-service hotel and construction of a convention center with approximately 128,000 square feet on 24 acres of land owned by the City. The Convention Authority receives a county-wide lodging tax to be used to assist with the financing of the Convention Center. The hotel, which opened in July 2005, was financed with private funds, and the Convention Center project, has been funded by contributions from the Convention Authority, the City, and proceeds from the \$29,735,000 Certificates of Participation issued in November, 2003.

In 2004, the City established The New Town at St. Charles Neighborhood Improvement District. (New Town NID). The NID was formed to permit special assessments to provide funding for public improvements within the district. During 2005, additional bonds were issued to finance Phase II & III improvements which consisted of various infrastructure improvements in New Town.

The new St. Charles Veteran's Memorial was dedicated on Veterans Day, November 11, 2005. The memorial is located on Bishop's Landing in a peaceful setting nestled among large trees with the serene Missouri River rolling by.

Design plans for replacing the City's 48" Sanitary Sewer line are nearly complete and the \$12 million project is expected to be bid during 2006. The project will provide for the construction of a 30 million gallon per day lift station and the installation of more than 7 miles of sanitary sewer mains. These mains will transport two-thirds of the City's sanitary waste to the Mississippi Treatment facility.

FINANCIAL INFORMATION

Management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the government are protected from loss, theft, or misuse, and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The idea of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Single Audit - As a recipient of federal, state and county financial assistance, the City also is responsible for ensuring that an adequate internal control structure is in place to ensure and document compliance with applicable laws and regulations relating to those programs. This internal control structure is subject to periodic evaluation by management of the City. The City is required to undergo an annual single audit performed in conformity with the provisions of the Single Audit Act Amendment of 1996 and the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Information related to this single audit, including the schedule of expenditures of federal awards and the independent auditors' reports on compliance and on internal controls over financial reporting and compliance with and internal control requirements applicable to each major program is included in a separately-issued single audit report.

Budgetary Controls – The City's budget is prepared on a cash basis. The budget sets forth the proposed level of funding of the City's various operating and public service programs. The level of budgetary control (i.e., the level at which expenditures cannot legally exceed the appropriated amount) is the department level in the General fund or at the fund level for all other fund types, as they are not departmentalized. The City maintains an encumbrance accounting system as one method of maintaining budgetary control. Unencumbered amounts lapse at year end.

Financial Condition

The City implemented Government Accounting Standards Board (GASB) No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* in 2003. The Management Discussion and Analysis (MD&A) provides a great opportunity to describe the operations and financial results of the City in a format more similar to that currently required for private industry. The MD&A serves to summarize the significant changes in balances in the Statement of Net Assets over the year and the results of the Statement of Activities on a year-over-year basis. These new government-wide statements allow the reader to gain a "big picture" view of the government as a whole, as well as monitor and track certain key balances, such as unrestricted net assets, which can be one indicator of the overall "financial health" of the City. In addition, the Fund Financial Statements, which start on page 13, are designed to address major individual funds by category (governmental, proprietary, fiduciary, or internal service). The activities within these funds are explained in the MD&A (see page 7) as well as the footnotes (see page 24).

Retirement System

The City participates in the Missouri Local Government Employees Retirement System. The plan is non-contributory and covers all full-time City employees. The City funds the entire cost of the plan. Contributions, based on actuarial valuations, were 12.2% of gross salaries for general and public works employees, 10.2% for police officers, and 9.7% for fire personnel.

Debt Administration

Outstanding general obligation bonds at December 31, 2005 totaled \$16,355,000. Additionally, the City had \$11,200,000 of Neighborhood Improvement District Limited General Obligation bonds outstanding at December 31, 2005. Under current State statutes, the City has a legal general obligation debt limit of 10% of the most recent assessed valuation. As of December 31, 2005, the City's net bonded indebtedness of \$25,125,205 was well below the legal limit of \$109,909,745, and bonded debt per capita was \$409.13.

Cash Management

Cash temporarily idle during the year was invested in demand deposits, certificates of deposit, guaranteed securities of the United States Government and repurchase agreements. The City was able to produce a reasonable return on investments, given current market conditions, for the year ending December 31, 2005. The amount of interest income was \$2,300,612. This represented an average yield of 3.18%.

The objective of the City's investment program is to reduce credit and market risk while maximizing return on idle funds, within the bounds allowed by State statute. Accordingly, deposits were either insured by federal depository insurance or collateralized. All collateral on deposits was held by the pledging bank's agent in the City's name.

Risk Management

The City manages its own risk under a self-insurance program. For 2005, the program covers health, dental, general liability, property and casualty, and workers' compensation. The City funds this program by annual assessments against the various operating funds to cover current claims, premiums for excess insurance policies, and projected future claims. As a part of this program, the City retains the services of independent insurance administration firms, which handle claims processing. The City purchases commercial insurance for claims in excess of coverage provided by the Internal Service fund and for all other risks of loss. Effective February 1, 2005, the City is no longer self-insured for medical/hospitalization benefits for its employees. Effective April 1, 2005, the City is no longer self-insured for dental benefits for its employees.

AWARDS AND RECOGNITION

The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Saint Charles, Missouri for its Comprehensive Annual Financial Report for the fiscal period ended December 31, 2004. This was the sixteenth consecutive year the City has received this prestigious award since 1988. To be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized CAFR whose contents confirm to program standards. This report satisfied both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for one year only. I believe that our 2005 CAFR continues to meet the Certificate of Achievement Program's requirements and we will submit it to the GFOA to decide its eligibility for another certificate.

The preparation of this report could not be accomplished without the efficient and dedicated services of the entire staff of the Finance Department. I would like to express my appreciation to all members of the Department for assisting and contributing to its preparation. I would also like to thank your office and the members of the City Council for their interest and support in planning and conducting the financial operations of the City.

Respectfully submitted,

A handwritten signature in black ink, reading "Karen D. McDermott". The signature is fluid and cursive, with the first name "Karen" and last name "McDermott" clearly legible.

Karen D. McDermott, CPA
Director of Finance

CITY OF SAINT CHARLES, MISSOURI

List of City Officials

As of December 31, 2005

ELECTED OFFICIALS:

<u>TITLE</u>	<u>NAME</u>	<u>IN YEARS</u>	<u>TERM</u> <u>EXPIRES</u>
Mayor	Patricia York	4	4/07
Councilperson	Rory Riddler	3	4/07
Councilperson	Larry Muench	3	4/07
Councilperson	Mark Brown	3	4/07
Councilperson	Bob Kneemiller	3	4/07
Councilperson	Michael Weller	3	4/07
Councilperson	Jerry Reese	3	4/07
Councilperson	Dottie Greer	3	4/07
Councilperson	John Gieseke	3	4/07
Councilperson	Joe Koester	3	4/07
Councilperson	Bob Hoepfner	3	4/07
Municipal Court Judge	Dan Barklage	4	4/07

APPOINTED OFFICIALS:

City Administrator	Allan Williams
City Clerk	Marilyn McCoy
Director of City Development	Bruce Evans, Acting
Fire Chief	Ernie Rhodes
Police Chief	Tim Swope
Director of Public Works	Debbie Aylsworth, Acting
Director of Parks	Maralee Britton.
Director of Finance	Karen D. McDermott
City Attorney	Michael Valenti
Director of Tourism	Donna Costellia, Acting
Director of Economic Development	Nadine Boon
Director of Human Resources	Celeste Armstrong

APPOINTED COMMISSIONS:

President, Public Park Board	Jackie Yaiser
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    Electorate[ELECTORATE] --> Mayor[MAYOR]
    Electorate --> Council[CITY COUNCIL]
    Council --> MunicipalJudge[MUNICIPAL JUDGE]
    Council --> CityClerk[CITY CLERK]
    
    Mayor --> Committees[VARIOUS COMMITTEES  
(Mayoral Appt. or jointly with Council)]
    Mayor --> Admin[DEPT OF ADMINISTRATION  
City Administrator's Office]
    Mayor --> Law[LAW DEPARTMENT]
    
    Admin --> EconDev[Economic Development Office]
    Admin --> CableTel[Cable Television Office]
    Admin --> InfoTech[Information Technology]
    
    Law --> HR[HUMAN RESOURCES DEPARTMENT]
    Law --> CommDev[COMMUNITY DEVELOPMENT DEPARTMENT]
    Law --> ConvVis[CONVENTION & VISITORS BUREAU]
    Law --> Finance[FINANCE DEPARTMENT]
    Law --> Fire[FIRE DEPARTMENT]
    Law --> ParksRec[PARKS & RECREATION DEPARTMENT]
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Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Saint Charles,
Missouri

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2004

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



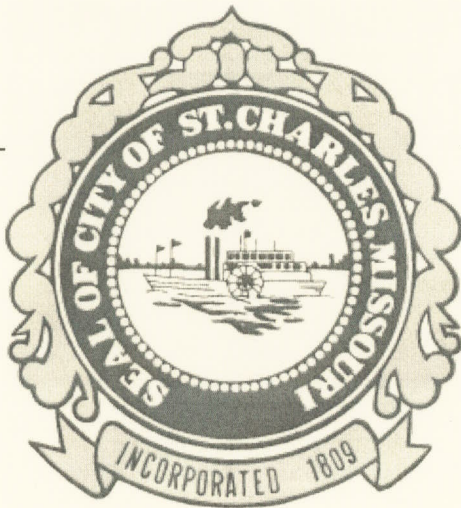
Carla E. Perry

President

Jeffrey R. Enner

Executive Director

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Part II – Financial Section

Independent Auditors' Report

The Honorable Mayor and Members
of the Board of Aldermen
City of Saint Charles, Missouri

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Saint Charles, Missouri, as of and for the year ended December 31, 2005, which collectively comprise the City of Saint Charles, Missouri's basic financial statements as listed in the table of contents. These financial statements are the responsibility of City of Saint Charles, Missouri's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As described in Note 2 of the financial statements, the City of Saint Charles, Missouri has adopted the provisions of the Governmental Accounting Standards Board Statement No. 40, "*Deposit and Investment Risk Disclosures*," as of and for the year ended December 31, 2005.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Saint Charles, Missouri, as of December 31, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated May 18, 2006 on our consideration of the City of Saint Charles, Missouri's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 through 10 and the Budgetary Comparison Information on pages 54 through 58 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Saint Charles, Missouri's basic financial statements. The introductory section, the combining and individual fund financial statements and schedules - supplementary information and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

RubinBrown LLP

May 18, 2006

Management's Discussion And Analysis

**CITY OF ST. CHARLES, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER, 31, 2005**

The City of St. Charles, Missouri has prepared financial statements in accordance with the guidelines prescribed in GASB Statement 34. This discussion and analysis of the City of St. Charles' financial performance is meant to provide an objective and easily readable analysis of the City's financial activities based on current facts and conditions. Please read this in conjunction with the accompanying transmittal letter and basic financial statements.

FINANCIAL HIGHLIGHTS

- The assets of the City of St. Charles exceeded its liabilities at the close of the fiscal year by \$109,907,937.
- The City's total net assets decreased \$13.7 million. Net assets of business-type activities increased by \$.6 million, net assets of governmental activities decreased by \$14.3 million (16.4%) to \$73.1 million.
- The negative balance of \$29.5 in governmental unrestricted net assets is due to \$32.3 million in TIF related debt and \$15.5 of Convention Center debt, which is not offset on the statements by any governmental activities related capital assets.
- Business-type operations reflected an operating gain of \$2.1 million, and a \$.6 million increase in net assets. Operating income is not sufficient to cover all non-operating costs. Capital contributions of nearly \$1 million covered remaining costs.
- At December 31, 2005, the City of St. Charles' governmental funds reported a combined ending fund balance of \$63.2 million, an increase of \$1.5 million from 2004. The increase is attributable to an increase in capital funds available for Neighborhood Improvement District projects resulting from debt issue of \$7.9 million in 2005, an increase of \$2 million in the general fund offset by \$8.6 million use of the convention facilities fund established to account for the expenditures to build the facility.
- The City's debt increased by \$1.7 million during the current fiscal year. The increase was attributable to new debt issuance of \$7.9 million, offset by principal repayments of \$6.2 million.
- Capital assets, overall, decreased \$9.6 million. Capital assets used in governmental activities decreased \$11.1 million, primarily reflecting the transfer of \$27.7 million of Convention Center assets offset by the addition of various infrastructure improvements.

USING THIS ANNUAL FINANCIAL REPORT

This annual report consists of a series of financial statements. These statements are presented so that the reader can understand the City of St. Charles' financial situation as a whole and also give a detailed view of the City's fiscal condition.

The Statement of Net Assets and Statement of Activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Major fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as the amount of funds available for future spending. The fund financial statements also look at the City's most significant funds with all other non-major funds presented in total in one column.

REPORTING THE CITY AS A WHOLE

The Government-Wide Financial Statements present the financial picture of the City from the economic resources measurement focus using the accrual basis of accounting. The statements present governmental activities and business type activities separately. These statements include certain infrastructure as well as all known liabilities (including long-term debt). Additionally, certain eliminations have occurred as prescribed by the statement in regards to inter-fund activity, payables and receivables.

The Statements of Net Assets and Activities report the City's *net assets* and the resulting changes. Net assets are the difference between assets and liabilities, which is one way to measure the City's financial health, or *financial position*. Over time, *increases or decreases* in the City's net assets are one indicator of whether its financial health is improving or deteriorating. In evaluating the overall *financial health*, the reader of these financial statements needs to take into account non-financial factors that also impact the City's financial well being. Some of these factors include the City's tax base and the condition of capital assets.

In the Statement of Net Assets and the Statement of Activities, the City is divided into two kinds of activities:

- **Governmental Activities** – Most of the City's services are reported here including police, fire, public works, recreation, administrative, judicial, and legislative and executive.
- **Business-Type Activities** – These services include sewer, water and parking. Service fees for these operations are charged based upon the amount of usage or a usage fee. The intent is that the fees charged recoup operational costs.

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The analysis of the City's major funds begins on page 7. Fund financial statements provide detailed information about the City's major funds – not the City as a whole. Some funds are required by State law and bond covenants. Other funds may be established by the Finance Director, with approval of council, to help control, manage and report money received for a particular purpose or to show the City is meeting legal responsibilities for use of grants. The City of St. Charles' major funds are General, Convention Facilities, Neighborhood Improvement District Debt Service, Sanitary Sewer and Water Works.

Governmental Funds – Most of the City's services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or less financial resources that can be spent in the near future on services provided to our residents. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Proprietary Funds – When the City charges citizens for the services it provides, with the intent of recapturing operating costs, these services are generally reported in proprietary funds. Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match. Internal service funds are used to report activities that provide services to the City's other funds and departments.

Fiduciary Funds – The City has fiduciary responsibilities for resources held for the benefit of parties outside the government. These assets are restricted in purpose and are not available to support the City's own programs. Therefore, these assets are not presented as a part of the government-wide financial statements.

Notes to the Basic Financial Statements – The notes provide additional information essential to a full understanding of the data provided in the Government-Wide and Fund Financial Statements. The Notes to the Financial Statements starts on page 21 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain *required supplementary information* concerning budgetary comparison schedules for the general fund and each major fund. Required supplementary information can be found on pages 54-58 of this report.

The combining and individual statements for non-major and other governmental funds are presented immediately following the required supplemental information.

THE CITY AS A WHOLE

As stated previously, the Statement of Net Assets looks at the City as a whole. The following table provides a condensed statement of net assets as of December 31, 2005:

**Table 1: Net Assets
(In Thousands)**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
<u>Assets</u>						
Current and Other Assets	\$ 82,266	\$ 71,312	\$ 37,658	\$ 40,360	\$119,924	\$111,672
Capital Assets, Net	122,915	133,986	54,119	52,627	177,034	186,613
Investment in Joint Venture	—	—	4,609	4,695	4,609	4,695
Total Assets	<u>205,181</u>	<u>205,298</u>	<u>96,386</u>	<u>97,682</u>	<u>301,567</u>	<u>302,980</u>
<u>Liabilities</u>						
Current and Other Liabilities	26,743	16,179	2,416	2,711	29,159	18,890
Long-Term Liabilities:						
Due within One Year	5,250	4,763	1,976	1,942	7,226	6,705
Due in More Than One Year	<u>100,135</u>	<u>96,960</u>	<u>55,139</u>	<u>56,816</u>	<u>155,274</u>	<u>153,776</u>
Total Liabilities	<u>132,128</u>	<u>117,902</u>	<u>59,531</u>	<u>61,469</u>	<u>191,659</u>	<u>179,371</u>
<u>Net Assets</u>						
Invested in Capital Assets						
Net of Related Debt	87,355	82,605	21,335	22,048	108,690	104,653
Restricted:						
Capital Projects	10,152	21,179	—	14	10,152	21,193
Debt Service	2,128	2,528	50	5	2,178	2,533
Other Purposes	2,952	2,705	—	—	2,952	2,705
Unrestricted	<u>(29,534)</u>	<u>(21,621)</u>	<u>15,470</u>	<u>14,146</u>	<u>(14,064)</u>	<u>(7,475)</u>
Total Net Assets	<u>\$ 73,053</u>	<u>\$ 87,396</u>	<u>\$ 36,855</u>	<u>\$ 36,213</u>	<u>\$ 109,908</u>	<u>\$ 123,609</u>

Total net assets of the City as a whole decreased \$13.7 million. By far the largest portion of the City's net assets (99%) reflects its investment in capital assets (e.g.: land, infrastructure, buildings, and equipment) less any related debt used to acquire those assets still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves can not be used to liquidate these liabilities.

Net assets of the City's governmental activities decreased by \$14.3 million, primarily due to a decrease in investments in capital assets. Capital assets in governmental activities decreased \$11.1 million, primarily reflecting the transfer of \$27.7 million of Convention Center additions offset by the addition of various infrastructure improvements. The negative balance of \$29.5 million in governmental activities unrestricted

net assets is due to \$32.3 million in TIF related debt and \$15.5 million of Convention Center debt which is not offset by any governmental activities related capital asset.

The net assets of the City's business type activities increased by \$.6 million. Business type activities reflect an operating gain of \$2.1 million. Capital contributions helped offset non-operating costs. The City strives to control operating expenses for business-type activities in order to maintain stability in charges for services rates.

Current and other liabilities for governmental activities increased \$10.6 million and current and other assets increased by \$11 million reflecting the special assessments issued for the Newtown Neighborhood Improvement District and the related deferred revenue for those assessments.

Table 2 shows the changes in net assets for the year ended December 31, 2005.

**Table 2: Changes in Net Assets
(In Thousands)**

	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
Revenues						
Program Revenues:						
Charges for Services	\$ 6,107	\$ 5,233	\$12,109	\$11,041	\$18,216	\$16,274
Operating Grants and Contributions	5,532	4,110	—	—	5,532	4,110
Capital Grants and Contributions	5,592	4,795	853	1,099	6,445	5,894
Total Program Revenues	17,231	14,138	12,962	12,140	30,193	26,278
General Revenues:						
Property Taxes	10,401	9,601	—	—	10,401	9,601
Sales Taxes	15,076	14,677	—	—	15,076	14,677
Gaming Taxes	16,302	16,710	—	—	16,302	16,710
Utility Taxes	6,358	6,151	—	—	6,358	6,151
Tourism & Hotel Taxes	1,898	1,739	—	—	1,898	1,739
TIF Revenues	3,183	3,116	—	—	3,183	3,116
Other Taxes	1,465	1,472	—	—	1,465	1,472
Other	1,488	893	1,283	682	2,771	1,575
Total General Revenues	56,171	54,359	1,283	682	57,454	55,041
Total Revenues	\$73,402	\$68,497	\$14,245	\$12,822	\$87,647	\$81,319
Expenses:						
General Government	\$12,264	\$12,708	\$ —	\$ —	\$12,264	\$12,708
Public Improvements	4,779	4,480	—	—	4,779	4,480
Public Parks	3,834	3,485	—	—	3,834	3,485
Public Safety	26,492	25,723	—	—	26,492	25,723
Public Works	746	606	—	—	746	606
Convention Center	1,371	650	—	—	1,371	650
Other	5,808	5,610	—	—	5,808	5,610
Interest and Fiscal Charges	4,956	5,142	—	—	4,956	5,142
Waterworks	—	—	6,200	6,106	6,200	6,106
Sanitary Sewer Facilities	—	—	6,790	6,681	6,790	6,681
Parking	—	—	366	362	366	362
Total Expenses	\$60,250	\$58,404	\$13,356	\$13,149	\$73,606	\$71,553
Increase(Decrease) in Net Assets before Special Items and Transfers	13,152	10,093	889	(327)	14,041	9,766
Transfers	247	(347)	(247)	347	—	—
Special Item – transfer of Convention Center Assets	(27,741)	—	—	—	(27,741)	—
Increase(Decrease) in Net Assets	\$(14,342)	\$9,746	\$642	\$20	\$(13,700)	\$9,766

Governmental Activities

Capital grants and contributions increased this year by \$.8 million or 16.6%. The increase is related to increases in grant funding recognized for various road projects offset by a decline in the amount received from St. Charles County Convention and Sports Facility Authority that was for capital. Effective May 2005, the St. Charles County Convention and Sports Facility Authority funding is reflected as an operating grant as their funds are now being used for debt service and operations of the Convention Center. Additional information can be found in Note 1 and Note 12 to the Basic Financial Statements.

General Revenues increased \$1.8 million or 3.3%. Gaming taxes was the largest source of revenue in 2005, but declined \$.4 million or 2.4%. Sales taxes in 2005 grew \$.4 million or 2.7% reflecting the modest growth in the economy. Property taxes grew \$.8 million or 8.3% reflecting growth in assessed valuation. Other general revenues grew \$.6 million or 67% reflected increase in interest income resulting from higher returns realized in 2005.

Governmental activities expenses increased \$1.8 million or 3.2%. Public safety expenses increased \$.8 million due to personnel cost increases. Convention Center expenses increased due to recognizing depreciation expense on the facility for the first year and a full year of operational costs.

Business-Type Activities

The City's business-type activities include Water, Sewer and Parking.

Water – Charges for services increased 13.7% as a result of the 2005 rate increase designed to generate an additional 4.7% and overall increase in water usage of 10.2%. The total number of customers increased by 2.6%, and the average amount used per customer rebounded from a decline in 2004. Expenses increased \$93,635 or 1.5% and material and supplies, depreciation expense and purchased water offset by declines in contracted services.

Sewer – Charges for services were up 6.6% reflecting the 2005 rate increase designed to generate 6%, from City customers and an overall increase in usage of 1.1%. Expenses increased \$109,348 or 1.6% primarily reflecting the increase in contracted services for managing the sewer plants.

THE CITY'S FUNDS

Information about the City's major governmental funds begins on page 13. These funds are reported using the modified accrual basis of accounting. All Governmental funds had total revenues of \$73.1 million and expenditures of \$80.1 million.

The general fund is the chief operating fund of the City of St. Charles. As of December 31, 2005 the general fund unreserved fund balance was \$13.0 million. The general fund unreserved fund balance had an increase of \$2.5 million from 2004.

The convention facilities fund was established in 2003 to account for the expenditures to build the Convention Center Building. Certificates of participation were issued in November 2003. Additionally, \$18.5 million from St. Charles County Convention and Sports Facilities Authority was received during 2003-2005 to be utilized to construct the facility. Over 96% of these funds were utilized by the end of 2005. The Convention Center opened in April 2005. Remaining proceeds primarily are to be used for additional equipment.

Non-major governmental funds had a net fund balance increase of \$7.5 million by the end of 2005. The increase primarily reflects the bond proceeds received for the Neighborhood Improvement District.

Waterworks and Sanitary Sewer funds reflect a slight income before capital contributions in 2005. Parking funds reflects a net loss. Fees have historically been set to cover cash flow needs. In 2005, the waterworks and sanitary sewer fund had a net decrease in cash reflecting the use of bond proceeds (issued in prior years) for capital projects.

GENERAL FUND BUDGETARY HIGHLIGHTS

The City's budget is adopted on a fund basis. Differences between the original budget and the final amended budget (\$982,313 increase in appropriations) can be briefly summarized as follows:

- \$887,138 for various open contracts and capital projects not completed in the prior fiscal year.
- \$95,175 for other items, unanticipated overtime, incorporation of certain grant awards received after budget was prepared, additional publication costs, and legal fees.

On a budgetary basis, which can be found in the Required Supplementary Information, revenues exceed expenditures by \$1,054,020 overall. Revenue results were on target with revised budget projections. Building permits were ahead of budget by (\$532,155), property taxes (\$143,368) offset by negative variance of gaming receipts (\$499,980), sales (\$107,109), and police court fines and fees (\$90,534). Actual expenditures were \$2,363,269 below budget primarily reflecting \$1,410,505 for various open contracts and capital projects that will be completed in 2006. The remaining variance (2.8%) is primarily the result of open positions during some portion of the year in various departments combined with cost containment efforts by department heads.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The amount invested in capital assets for the City at December 31, 2005, is \$177.034 million, net of accumulated depreciation. This amount includes all infrastructure assets completed during 2003 through 2005. The following table breaks down the City's capital asset balance into the various categories of assets.

**Table 3: Capital Assets
(Net of depreciation)
(In Thousands)**

	Governmental Activities		Business-Type Activities		Total	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Land	\$26,763	\$26,738	\$ 618	\$ 618	\$ 27,381	\$ 27,356
Land Improvements	7,953	13,347	—	—	7,953	13,347
Building and Improvements	34,167	21,740	46,384	40,580	80,551	62,320
Furniture, Fixtures and Equipment	9,332	8,965	3,479	3,705	12,811	12,670
Infrastructure	22,653	14,408	—	—	22,653	14,408
Construction in Progress	22,047	48,788	3,638	7,724	25,685	56,512
Totals	<u>\$122,915</u>	<u>\$133,986</u>	<u>\$54,119</u>	<u>\$52,627</u>	<u>\$177,034</u>	<u>\$186,613</u>

Major capital asset transactions during the year include the following additions and disposals:

Governmental Activities:

- Building & Improvements increased due to completion of the Convention Center and capitalization of the City's 25% portion of the building and improvements.
- Infrastructure was increased by \$8.2 million. Street projects completed in 2005 included Hemsath Road reconstruction, various roads in New Town development and Intersection improvements near the Convention Center. Stormwater projects included Crystal Springs at Southern Oakes.
- Construction in Progress at December 31, 2005 of \$22.0 million primarily consists of road projects. The remainder is for various stormwater and other construction projects. The decrease of \$26.7

million is primarily attributable to \$27.7 million transfer to the St. Charles County Convention and Sports Authority.

Business-Type Activities:

Construction in progress decreased due to capitalization of the Ranney Well, and the 2.5 million gallon Fox Hill Storage Tank in water and various other water system projects. Corresponding increases are reflected in building and improvements.

Additional information on the City's capital assets can be found in Note 4 to the Basic Financial Statements.

Debt

At December 31, 2005, the City of St. Charles had \$161,621 million in bonded debt. Of this, \$16,355 million in debt is back by the full faith and credit of the City.

**Table 4:
Outstanding Debt at Year End
(in thousands)**

	Governmental Activities		Business-Type Activities		Total	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Certificates of Participation	\$31,460	\$31,530	\$6,620	\$7,785	\$ 38,080	\$ 39,315
General Obligation Bonds	16,355	17,080	—	—	16,355	17,080
Neighborhood Improvement District Bonds	11,200	3,295	—	—	11,200	3,295
PFA Leasehold Revenue Bonds	11,610	13,280	51,780	52,465	63,390	65,745
Tax Increment Revenue Notes	32,596	34,469	—	—	32,596	34,469
Totals	<u>\$103,221</u>	<u>\$99,654</u>	<u>\$58,400</u>	<u>\$60,250</u>	<u>\$161,621</u>	<u>\$159,904</u>

The City of St. Charles retained its Moody's Investor Service rating of Aa3 during 2005. This bond rating is a clear indication of the sound financial condition of the City of St. Charles. This achievement is a primary factor in keeping interest costs low on the City's outstanding debt.

The City of St. Charles's total debt increased \$1.7 million during the year primarily due to new debt issuance of \$7.9 million offset by principal payments of \$6.2 million.

During 2005 the City refinanced previously outstanding Tax increment revenue notes to obtain a lower interest rate. It is not possible to calculate the reduction in debt service payments over the life of the notes, nor is it possible to calculate the economic gain as there is no set principal and interest payment schedule.

Missouri statutes limit the amount of general obligation debt that a unit of government can issue to 10% of the total assessed valuation of taxable property located within the City boundaries. The legal debt margin for the City is \$84,784,540. Additional information regarding the City's long-term debt can be found in Note 7 to the Basic Financial Statements.

Economic Outlook

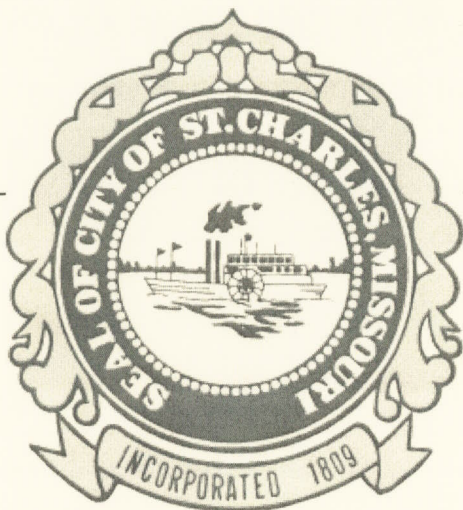
The City of St. Charles has been fortunate to be somewhat buffered from the economic woes of the rest of the state and nation. City revenues are not growing at the same pace as during the 1990's. However, St. Charles continues to have a stable economy with low unemployment and continued growth, albeit slow growth, in sales tax revenue. Population growth is continuing in St. Charles and St. Charles County. Other economic factors are as follows:

- The unemployment rate was 4.1%, which is an increase from 3.7% a year ago.
- 2005 saw continued high growth in residential permits primarily reflecting the activity of the New Town development.
- City Council is continuing to reduce the utility tax rate by 2/10 of a percent a year.
- Assessed valuation grew 14.4% in 2005.
- The Convention Center and Embassy Suites hotel will be in operation for a full year in 2006.
- Ameristar Casino has begun construction on a new hotel.

CONTACTING THE CITY'S FINANCE DEPARTMENT

This financial report is designed to provide our citizens, taxpayer, creditors and investors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Karen McDermott, Finance Director, City of St. Charles, 200 N. Second Street, St. Charles, Missouri, 63301.

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Basic Financial Statements

CITY OF SAINT CHARLES, MISSOURI

STATEMENT OF NET ASSETS

December 31, 2005

	Governmental Activities	Business-Type Activities	Total
Assets			
Pooled cash and investments	\$ 47,524,705	\$ 9,744,386	\$ 57,269,091
Receivables (net):			
Taxes	9,596,578	—	9,596,578
Notes	10,000	6,500	16,500
Intergovernmental	2,917,542	—	2,917,542
Services	228,463	1,879,890	2,108,353
Interest	390,677	316,146	706,823
Other	483,773	26,344	510,117
Internal balances	130,000	(130,000)	—
Inventories	—	103,346	103,346
Prepays	3,657	—	3,657
Bond issue costs	561,603	666,153	1,227,756
Restricted assets:			
Pooled cash and investments	573,361	455,691	1,029,052
Held by Trustee	6,234,300	24,648,643	30,882,943
Advances to (from) other funds	215,000	(215,000)	—
Special assessment receivable	11,026,579	—	11,026,579
Long-term receivables	2,369,984	155,734	2,525,718
Investment in joint venture	—	4,608,987	4,608,987
Capital assets:			
Non depreciable	48,810,349	4,256,039	53,066,388
Depreciable - net	74,104,152	49,863,334	123,967,486
Total Assets	205,180,723	96,386,193	301,566,916
Liabilities			
Accounts payable	4,204,568	770,863	4,975,431
Accrued payroll	417,388	27,935	445,323
Accrued interest payable	9,184,327	1,122,691	10,307,018
Other liabilities	18,014	46,927	64,941
Deferred revenues	11,408,455	—	11,408,455
Deposits and escrow funds	—	447,436	447,436
Claims payable	1,510,000	—	1,510,000
Long-term liabilities:			
Due within one year	5,249,577	1,976,216	7,225,793
Due in more than one year	100,135,217	55,139,365	155,274,582
Total Liabilities	132,127,546	59,531,433	191,658,979
Net Assets			
Invested in capital assets, net of related debt	87,355,069	21,334,662	108,689,731
Restricted for:			
Capital projects	10,151,983	—	10,151,983
Debt service	2,127,819	50,188	2,178,007
Home Improvement Loans	2,533,295	—	2,533,295
DWI drug enforcement	172,413	—	172,413
Non-expendable permanent fund (cemetery)	233,912	—	233,912
Other	12,250	—	12,250
Unrestricted	(29,533,564)	15,469,910	(14,063,654)
Total Net Assets	\$ 73,053,177	\$ 36,854,760	\$ 109,907,937

CITY OF SAINT CHARLES, MISSOURI

STATEMENT OF ACTIVITIES For The Year Ended December 31, 2005

Functions	Expenses	Program Revenues			Net (Expense) Revenue And Changes In Net Assets		
		Charges For Services	Operating Grants And Contributions	Capital Grants And Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
General government	\$ 12,264,139	\$ 1,305,823	\$ 738,308	\$ 267,515	\$ (9,952,493)	\$ —	\$ (9,952,493)
Public improvements	4,778,604	—	—	—	(4,778,604)	—	(4,778,604)
Public parks	3,833,978	1,970,303	—	228,165	(1,635,510)	—	(1,635,510)
Public safety	26,491,860	2,033,627	33,691	903	(24,423,639)	—	(24,423,639)
Public works	745,728	773,398	3,519,613	4,883,891	8,431,174	—	8,431,174
Convention Center	1,370,969	—	1,240,477	211,373	80,881	—	80,881
Other	5,808,298	23,469	—	—	(5,784,829)	—	(5,784,829)
Interest on long-term debt	4,956,094	—	—	—	(4,956,094)	—	(4,956,094)
	60,249,670	6,106,620	5,532,089	5,591,847	(43,019,114)	—	(43,019,114)
Business-Type Activities							
Waterworks	6,199,809	5,634,814	—	396,100	—	(168,895)	(168,895)
Sanitary sewer	6,790,298	6,261,207	—	457,736	—	(71,355)	(71,355)
Parking facilities	365,542	212,588	—	—	—	(152,954)	(152,954)
	13,355,649	12,108,609	—	853,836	—	(393,204)	(393,204)
Total Government	\$ 73,605,319	\$ 18,215,229	\$ 5,532,089	\$ 6,445,683	\$ (43,019,114)	\$ (393,204)	\$ (43,412,318)
General Revenues:							
Property taxes levied for:							
General purposes					\$ 6,001,042	\$ —	\$ 6,001,042
Parks					2,657,945	—	2,657,945
Debt service					1,741,973	—	1,741,973
Sales tax levied for:							
General purposes					10,177,180	—	10,177,180
Capital improvements					4,899,236	—	4,899,236
Gaming taxes					16,302,297	—	16,302,297
Utility taxes					6,357,907	—	6,357,907
Tourism and hotel taxes					1,898,118	—	1,898,118
TIF Revenues					3,182,962	—	3,182,962
Other taxes					1,464,606	—	1,464,606
Earnings on investments					1,336,443	964,169	2,300,612
Sale of capital assets					74,317	1,660	75,977
Other revenues					76,170	316,698	392,868
Transfers					247,277	(247,277)	—
Special Item - Transfer Of Convention Center Assets					(27,740,817)	—	(27,740,817)
Total General Revenues, Transfers And Special Item					28,676,656	1,035,250	29,711,906
Change In Net Assets					(14,342,458)	642,046	(13,700,412)
Net Assets - Beginning Of Year					87,395,635	36,212,714	123,608,349
Net Assets - End Of Year					\$ 73,053,177	\$ 36,854,760	\$ 109,907,937

CITY OF SAINT CHARLES, MISSOURI

BALANCE SHEET - GOVERNMENTAL FUNDS December 31, 2005

	Major Funds			Nonmajor Funds	
			Neighborhood Improvement District Debt Service	Other Governmental Funds	Total Governmental Funds
	General	Convention Facilities			
Assets					
Cash and investments:					
Held by trustees	\$ —	\$ 1,743,408	\$ —	\$ 4,490,892	\$ 6,234,300
Restricted	172,413	—	—	400,948	573,361
Unrestricted	7,740,778	—	530,069	37,423,715	45,694,562
Receivables, net of allowances where applicable:					
Taxes	5,277,726	—	—	4,318,852	9,596,578
Notes	—	—	—	2,379,984	2,379,984
Grants	16,894	—	—	2,900,648	2,917,542
Services	228,463	—	—	—	228,463
Interest	370,702	5,124	—	14,851	390,677
Special assessment	—	—	11,026,579	—	11,026,579
Other	81,347	—	—	399,304	480,651
Due from other funds	1,491,624	—	—	130,000	1,621,624
Advance to other fund	—	—	—	215,000	215,000
Total Assets	\$ 15,379,947	\$ 1,748,532	\$ 11,556,648	\$ 52,674,194	\$ 81,359,321
Liabilities And Fund Balances					
Liabilities					
Accounts payable	\$ 253,267	\$ 180,031	\$ —	\$ 3,723,734	\$ 4,157,032
Accrued payroll	329,645	—	—	87,743	417,388
Accrued vacation and sick leave pay	7,491	—	—	—	7,491
Deferred revenue	369,205	—	11,026,579	646,448	12,042,232
Due to other funds	—	—	—	1,491,624	1,491,624
Other liabilities	18,014	—	—	—	18,014
Total Liabilities	977,622	180,031	11,026,579	5,949,549	18,133,781
Fund Balances					
Reserved for:					
Encumbrances	716,175	282,666	—	8,607,235	9,606,076
Capital projects	—	1,285,835	—	14,012,896	15,298,731
Home improvement loans	—	—	—	2,533,295	2,533,295
Debt service	—	—	530,069	6,437,402	6,967,471
Future purchase of cemetery land	—	—	—	233,912	233,912
Advances to other funds	—	—	—	215,000	215,000
DWI Drug Enforcement	172,413	—	—	—	172,413
Gaming	478,000	—	—	—	478,000
Tree Bank	12,250	—	—	—	12,250
Unreserved, reported in:					
General fund	13,023,487	—	—	—	13,023,487
Special revenue funds	—	—	—	14,517,869	14,517,869
Permanent fund	—	—	—	167,036	167,036
Total Fund Balances	14,402,325	1,568,501	530,069	46,724,645	63,225,540
Total Liabilities And Fund Balances	\$ 15,379,947	\$ 1,748,532	\$ 11,556,648	\$ 52,674,194	\$ 81,359,321

CITY OF SAINT CHARLES, MISSOURI

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS December 31, 2005

Amounts reported for governmental activities in the statement of net assets are different because:

Total Fund Balance - Governmental Funds	\$ 63,225,540
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$145,137,124 and the accumulated depreciation is \$22,222,623.	122,914,501
Property taxes assessed by the City, but not collected as of year end, are deferred within the fund financial statements,. However, revenue for this amount is recognized in the government-wide statements.	633,777
The internal service fund is used by management to charge the costs of insurance to the individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.	279,386
Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and, accordingly, are not reported as liabilities within the fund financial statements. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities - both current and long-term - are reported on the government-wide statement of net assets. Discounts, premiums and bond issuance costs are reported in the governmental fund financial statements when the debt was issued whereas these amounts are deferred and amortized over the life of the debt as an adjustment to interest expense on the government-wide financial statements.	
Balances as of December 31, 2005 are:	
Accrued compensated absences	(3,293,893)
Accrued interest on outstanding debt	(9,184,327)
Bonds and notes payable	(103,221,000)
Unamortized bond issue costs	561,603
Unamortized bond discount	808,680
Unamortized deferred refunding	328,910
Total Net Assets - Governmental Activities	<u>\$ 73,053,177</u>

CITY OF SAINT CHARLES, MISSOURI

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS For The Year Ended December 31, 2005

	Major Funds			Nonmajor Funds	
	General	Convention Facilities	Neighborhood Improvement District Debt Service	Other Governmental Funds	Total Governmental Funds
Revenues					
Taxes, including interest and penalties	\$ 28,508,152	\$ —	\$ —	\$ 29,224,377	\$ 57,732,529
Special assessment	—	—	267,515	—	267,515
Federal, state and county grants	61,039	—	—	5,538,787	5,599,826
Intergovernmental revenue from St. Charles County Convention and Sports Authority	—	211,373	—	1,240,478	1,451,851
Licenses, permits, fines and fees	3,508,783	—	—	2,508,034	6,016,817
Interest on investments	892,846	177,440	1,317	272,883	1,344,486
Other	396,016	—	—	338,776	734,792
Total Revenues	33,366,836	388,813	268,832	39,123,335	73,147,816
Expenditures					
Current:					
General government	5,651,137	—	—	6,008,821	11,659,958
Public improvements	—	—	—	4,071,670	4,071,670
Public parks	—	—	—	3,102,441	3,102,441
Public safety	25,205,711	—	—	—	25,205,711
Public services	—	—	—	146,196	146,196
Public works	766,410	—	—	—	766,410
Convention Center	—	—	—	901,031	901,031
Capital outlay	74,225	7,996,071	—	18,213,842	26,284,138
Debt service:					
Principal retirement	—	—	—	4,338,000	4,338,000
Interest and fiscal charges	—	—	(12,018)	3,406,108	3,394,090
Bond issue costs	—	—	133,338	47,500	180,838
Total Expenditures	31,697,483	7,996,071	121,320	40,235,609	80,050,483
Revenues Under Expenditures	1,669,353	(7,607,258)	147,512	(1,112,274)	(6,902,667)
Other Financing Sources (Uses)					
Transfers in	380,000	—	28,619	1,140,725	1,549,344
Transfers out	—	(996,725)	—	(182,619)	(1,179,344)
Neighborhood improvement district bonds issued	—	—	347,000	7,558,000	7,905,000
Refunding tax increment financing notes issued	—	—	—	14,590,000	14,590,000
Delivery to trustee of refunded tax increment financing notes	—	—	—	(14,590,000)	(14,590,000)
Proceeds from sale of capital assets	579	—	—	84,676	85,255
Total Other Financing Sources (Uses)	380,579	(996,725)	375,619	8,600,782	8,360,255
Net Changes In Fund Balances	2,049,932	(8,603,983)	523,131	7,488,508	1,457,588
Fund Balances					
Beginning of year, as previously reported	11,071,160	10,172,484	6,938	38,959,039	60,209,621
Prior period adjustment	1,281,233	—	—	277,098	1,558,331
Beginning of year, as restated	12,352,393	10,172,484	6,938	39,236,137	61,767,952
End of year	\$ 14,402,325	\$ 1,568,501	\$ 530,069	\$ 46,724,645	\$ 63,225,540

CITY OF SAINT CHARLES, MISSOURI

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES For The Year Ended December 31, 2005

Net Change In Fund Balances - Total Governmental Funds \$ 1,457,588

because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with an initial, individual cost of more than \$5,000 for general, \$100,000 for traffic signals and \$250,000 for streets, stormwater and infrastructure are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. Donated assets are not recorded in the governmental funds but are recognized as revenue in the statement of activities.

The amount by which capital outlays and donated capital assets exceeded depreciation in the current period	\$ 16,669,510	
Transfer of interest in Convention Center Facility	<u>(27,740,817)</u>	(11,071,307)

The internal service fund used by management to charge the cost of insurance to individual funds is reported in the government-wide statement of activities.	133,540
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The governmental funds report debt proceeds as an other financing source, while repayment of principal is reported as an expenditure. In the statement of net assets, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds financial statements but reduces the long-term liabilities in the statement of net assets.

Proceeds from neighborhood improvement district bonds issued	(7,905,000)	
Tax increment financing notes issued	(14,590,000)	
Delivery to trustee of refunded tax increment financing notes	14,590,000	
Repayment of principal	<u>4,338,000</u>	(3,567,000)

Under the modified accrual basis of accounting used in governmental funds the effect of issuance costs, discounts and premiums is recognized when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Interest is recognized as an expenditure in the governmental funds when it is due. In the statement of activities, interest expense is recognized as it accrues, regardless of when it is due. Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. The net effect of these differences is as follows:

Accrued interest on bonds	(1,374,553)	
Compensated absences	(92,732)	
Discounts on debt issuances, net of amortization	4,654	
Deferred bond issuance costs, net of amortization	56,028	
Deferred amount on refunding, net of amortization	<u>(67,295)</u>	(1,473,898)

Property tax revenues received prior to the year for which they are being levied are reported as deferred revenue in the governmental funds. They are, however recorded as revenues in the statement of activities. Deferred property tax revenues increased this year.

178,619

Change In Net Assets Of Governmental Activities \$ (14,342,458)

See the accompanying notes to basic financial statements.

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CITY OF SAINT CHARLES, MISSOURI

STATEMENT OF NET ASSETS - PROPRIETARY FUNDS December 31, 2005

	Business Type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
			Nonmajor	Total Enterprise Funds	
			Enterprise		
	Major Enterprise Funds		Fund		
	Waterworks	Sanitary Sewer	Parking Facilities		
Assets					
Current Assets:					
Cash and cash equivalents:					
Held by trustees	\$ 3,704,693	\$ 20,943,950	\$ —	\$ 24,648,643	\$ —
Customer deposits	455,691		—	455,691	—
Unrestricted	3,951,854	5,677,629	114,903	9,744,386	1,830,143
Receivables, net of allowances:					
Services	818,863	1,061,027	—	1,879,890	—
Interest	65,040	251,106	—	316,146	—
Other	26,344	—	—	26,344	3,122
Inventory, at cost	103,346	—	—	103,346	—
Prepaid expenses	—	—	—	—	3,657
Total current assets	9,125,831	27,933,712	114,903	37,174,446	1,836,922
Noncurrent Assets:					
Loans receivable	—	162,234	—	162,234	—
Bond acquisition costs	213,138	453,015	—	666,153	—
Investment in joint venture	4,608,987	—	—	4,608,987	—
Land, other assets and construction in progress, nondepreciable					
	604,609	3,474,430	177,000	4,256,039	—
Other capital assets	30,076,463	51,363,935	6,994,753	88,435,151	—
Less: Accumulated depreciation	(9,038,978)	(25,886,856)	(3,645,983)	(38,571,817)	—
Capital assets - net	21,642,094	28,951,509	3,525,770	54,119,373	—
Total noncurrent assets	26,464,219	29,566,758	3,525,770	59,556,747	—
Total Assets	35,590,050	57,500,470	3,640,673	96,731,193	1,836,922
Liabilities					
Current Liabilities:					
Accounts payable	532,998	232,281	5,584	770,863	47,536
Accrued payroll	20,040	7,014	881	27,935	—
Accrued vacation and sick leave pay	58,352	25,023	2,841	86,216	—
Accrued interest payable	368,440	754,251	—	1,122,691	—
Current portion of revenue bonds payable	618,400	1,271,600	—	1,890,000	—
Due to other funds	—	—	130,000	130,000	—
Claims payable	—	—	—	—	1,510,000
Other current liabilities	44,071	177	2,679	46,927	—
	1,642,301	2,290,346	141,985	4,074,632	1,557,536
Current liabilities (payable from restricted assets):					
Deposits payable	447,436	—	—	447,436	—
Total current liabilities	2,089,737	2,290,346	141,985	4,522,068	1,557,536
Noncurrent Liabilities:					
Long-term portion of revenue bonds payable (net of unamortized discounts and unamortized refunding loss)					
	18,224,862	36,857,552	—	55,082,414	—
Advance from other fund	—	—	215,000	215,000	—
Noncurrent accrued vacation and sick leave pay	49,333	7,376	242	56,951	—
Total noncureent liabilities	18,274,195	36,864,928	215,242	55,354,365	—
Total Liabilities	20,363,932	39,155,274	357,227	59,876,433	1,557,536
Net Assets					
Invested in capital assets, net of related debt	6,225,418	11,583,474	3,525,770	21,334,662	—
Restricted for debt service	18,942	31,246	—	50,188	—
Unrestricted	8,981,758	6,730,476	(242,324)	15,469,910	279,386
Total Net Assets	\$ 15,226,118	\$ 18,345,196	\$ 3,283,446	\$ 36,854,760	\$ 279,386

CITY OF SAINT CHARLES, MISSOURI

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS - PROPRIETARY FUNDS For The Year Ended December 31, 2005

	<u>Business Type Activities - Enterprise Funds</u>				
				Total Enterprise Funds	Governmental Activities - Internal Service Fund
	<u>Major Enterprise Funds</u>		<u>Nonmajor Enterprise Fund</u>		
	<u>Waterworks</u>	<u>Sanitary Sewer</u>	<u>Parking Facilities</u>		
Operating Revenues					
Metered water sales	\$ 5,633,533	\$ —	\$ —	\$ 5,633,533	\$ —
Sewer fees	—	6,261,207	—	6,261,207	—
Garage gate and surface parking lot collections	—	—	212,588	212,588	—
Charges for services	—	—	—	—	2,776,698
Other	300,687	17,292	—	317,979	—
Total Operating Revenues	5,934,220	6,278,499	212,588	12,425,307	2,776,698
Operating Expenses					
Labor	1,652,927	566,368	68,652	2,287,947	—
Contracted services	554,550	1,898,061	2,300	2,454,911	—
Administrative and general	13,010	13,772	1,297	28,079	—
Purchased water	1,036,644	—	—	1,036,644	—
Utilities and fuels	230,594	333,019	132	563,745	—
Repairs and maintenance	103,591	74,145	16,635	194,371	—
Materials and supplies	511,388	16,143	—	527,531	—
Claims expense and insurance	—	—	—	—	2,643,158
Depreciation	1,011,175	1,831,111	276,526	3,118,812	—
Bad debt expense	13,792	7,142	—	20,934	—
Amortization	36,733	74,184	—	110,917	—
Other	—	13,410	—	13,410	—
Total Operating Expenses	5,164,404	4,827,355	365,542	10,357,301	2,643,158
Operating Income (Loss)	769,816	1,451,144	(152,954)	2,068,006	133,540
Nonoperating Revenues (Expenses)					
Interest income	336,257	627,912	—	964,169	—
Interest expense	(949,074)	(1,962,943)	—	(2,912,017)	—
Net gain (loss) on sale of fixed assets	2,107	(447)	—	1,660	—
Equity loss in joint venture	(86,331)	—	—	(86,331)	—
Total Nonoperating Revenues (Expenses)	(697,041)	(1,335,478)	—	(2,032,519)	—
Income (Loss) Before Operating Transfers And Capital Contributions	72,775	115,666	(152,954)	35,487	133,540
Transfers					
Transfers out	(185,000)	(185,000)	—	(370,000)	—
Net Income (Loss) Before Capital Contributions	(112,225)	(69,334)	(152,954)	(334,513)	133,540
Capital contributions	396,100	457,736	122,723	976,559	—
Change In Net Assets	283,875	388,402	(30,231)	642,046	133,540
Net Assets - Beginning Of Year	14,942,243	17,956,794	3,313,677	36,212,714	145,846
Net Assets - End Of Year	\$ 15,226,118	\$ 18,345,196	\$ 3,283,446	\$ 36,854,760	\$ 279,386

CITY OF SAINT CHARLES, MISSOURI

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS For The Year Ended December 31, 2005

	Business Type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund	
	Major Enterprise Funds		Nonmajor Enterprise Fund	Total Enterprise Funds		
	Waterworks	Sanitary Sewer	Parking Facilities			
Cash Flows From Operating Activities						
Cash received from customers	\$ 5,519,532	\$ 6,185,711	\$ 212,588	\$ 11,917,831	\$ —	
Customer deposits received, net	76,699	—	—	76,699	—	
Cash received from other funds for services provided	—	—	—	—	2,776,698	
Other operating cash receipts	302,587	17,292	—	319,879	—	
Cash paid to employees for services	(1,674,971)	(565,218)	(67,961)	(2,308,150)	—	
Cash payments to suppliers for goods and services	(2,819,552)	(2,388,749)	(14,830)	(5,223,131)	—	
Cash payments for premiums and claims	—	—	—	—	(2,838,315)	
Other operating disbursements	—	(13,410)	—	(13,410)	—	
Net Cash Provided By (Used In) Operating Activities	1,404,295	3,235,626	129,797	4,769,718	(61,617)	
Cash Flows Used In Noncapital Financing Activities						
Transfers to other funds	(185,000)	(185,000)	—	(370,000)	—	
Cash Flows From Capital And Related Financing Activities						
Principal paid on debt	(607,700)	(1,242,300)	—	(1,850,000)	—	
Interest paid on debt	(902,372)	(1,848,498)	—	(2,750,870)	—	
Payment on advance from other fund/loan repayments	—	31,103	(130,000)	(98,897)	—	
Contributions from developers	396,100	457,736	122,723	976,559	—	
Proceeds from sale of capital assets	2,107	—	—	2,107	—	
Acquisition and construction of capital assets	(3,429,329)	(1,049,262)	(133,493)	(4,612,084)	—	
Net Cash Used In Capital And Related Financing Activities	(4,541,194)	(3,651,221)	(140,770)	(8,333,185)	—	
Cash Flows Provided By Investing Activities						
Interest received on investments	320,291	447,576	—	767,867	—	
Net Decrease In Cash And Cash Equivalents	(3,001,608)	(153,019)	(10,973)	(3,165,600)	(61,617)	
Cash And Cash Equivalents - Beginning Of Year	11,113,846	26,774,598	125,876	38,014,320	1,891,760	
Cash And Cash Equivalents - End Of Year	\$ 8,112,238	\$ 26,621,579	\$ 114,903	\$ 34,848,720	\$ 1,830,143	
Reconciliation Of Operating Income (Loss) To Net Cash Provided By (Used In) Operating Activities						
Operating income (loss)	\$ 769,816	\$ 1,451,144	\$ (152,954)	\$ 2,068,006	\$ 133,540	
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation	1,011,175	1,831,111	276,526	3,118,812	—	
Bad debt expense	13,792	7,142	—	20,934	—	
Amortization	36,733	74,184	—	110,917	—	
Change in assets and liabilities:						
Increase in services receivable	(114,001)	(75,496)	—	(189,497)	—	
(Increase) decrease in other receivable	1,900	—	—	1,900	(350)	
Decrease in inventory	(59,486)	—	—	(59,486)	—	
Increase in prepaid expenses	—	—	—	—	(10)	
Increase (decrease) in accounts payable	(303,771)	(53,621)	5,584	(351,808)	20,203	
Increase (decrease) in accrued payroll	3,639	(476)	292	3,455	—	
Decrease in claims payable	—	—	—	—	(215,000)	
Increase (decrease) in accrued vacation and sick leave pay	(25,683)	1,626	399	(23,658)	—	
Increase in deposits	76,699	—	—	76,699	—	
Increase (decrease) in other liabilities	(6,518)	12	(50)	(6,556)	—	
Net Cash Provided By (Used In) Operating Activities	\$ 1,404,295	\$ 3,235,626	\$ 129,797	\$ 4,769,718	\$ (61,617)	
Noncash Transactions Affecting Financial Position						
Equity loss in joint venture	\$ 86,331	\$ —	\$ —	\$ 86,331	\$ —	

CITY OF SAINT CHARLES, MISSOURI

**STATEMENT OF ASSETS AND LIABILITIES -
FIDUCIARY FUNDS - AGENCY FUNDS
December 31, 2005**

	Total Agency Funds
Assets	
Cash and investments - restricted	\$ 587,731
Liabilities	
Due to other taxing districts	\$ 94,197
Deposits payable held in escrow	493,534
Total Liabilities	\$ 587,731

CITY OF SAINT CHARLES, MISSOURI

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2005

1. Summary Of Significant Accounting Policies

The City of Saint Charles, Missouri (the City), was incorporated as the Town of Saint Charles on November 2, 1809 by the Court of Common Pleas, District of St. Charles. By an act of the General Assembly on March 10, 1849, it became the City of St. Charles, Missouri, by special charter. The City now operates under a Home Rule Charter adopted in 1982 in accordance with the provisions of the Missouri Constitution and provides the following services: public safety (police and fire), public works, public improvements, water and sanitation, recreation, community development, planning and zoning and general administrative services.

The accounting policies and financial reporting practices of the City conform to accounting principles generally accepted in the United States of America (GAAP) applicable to governmental entities. The Government Standards Accounting Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The City applies all applicable pronouncements of the Financial Accounting Standards Board (FASB), issued before November 30, 1989, in accounting and reporting in the government-wide and proprietary fund financial statements, unless these pronouncements conflict with applicable Governmental Accounting Standards Board (GASB) guidance as prescribed by GASB Statement of Financial Accounting Standards No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to the same limitation. The City has elected not to follow subsequent private-sector guidance.

The City continues to follow the general provisions of GASB Statement No. 34 in the current year and plans to retroactively report certain infrastructure (major infrastructure assets acquired prior to January 1, 2003) when the City finalizes the implementation of GASB No. 34, which will be completed by no later than January 1, 2007.

The more significant accounting and reporting policies established in GAAP and practiced by the City are discussed below.

The Financial Reporting Entity

The City defines its reporting entity to include all component units for which the City's governing body is financially accountable. The City is financially accountable if it appoints a voting majority of a potential component unit's governing body and is able to impose its will on that potential component unit, or the relationship must have the potential for creating specific financial benefits to, or impose specific financial burdens on, the City. The City's financial reporting entity consists of the City and its component unit. The component unit discussed below is included in the City's financial reporting entity because of the significance of its operational and financial relationship with the City.

Blended Component Unit

The following component unit is legally separate from the City; however, its activities are so intertwined with the City as the primary government that it is, in substance, the same as the primary government. As such, the balances and transactions of this component unit are blended into the basic financial statements and are reported in a manner similar to the balances and transactions of the City itself.

City Of St. Charles, Missouri, Public Facilities Authority (PFA)

The PFA is a not-for-profit corporation created by Ordinance of the City Council, organized and existing under the laws of the state of Missouri. Board members are appointed by the Mayor of the City for a three-year term and must be approved by City Council. The PFA's purpose is to provide financing for the purchase or construction of various assets for the sole benefit of the City. The PFA is accounted for as if it were part of the City's operations because it was established to provide benefits exclusively for the public facility needs of the City. Separate financial statements are not prepared for the PFA.

Joint Ventures

The City has entered into the following multi-governmental arrangements creating organizations that are owned, operated, or governed by two or more participants as separate and specific activities subject to joint control, in which the City retains an ongoing financial interest or an ongoing financial responsibility.

St. Peters-St. Charles Water Pipeline Project (Water Pipeline Project)

The Water Pipeline Project was formed under the laws of the state of Missouri on October 2, 1985. The purpose of the Water Pipeline Project is to construct and operate a water pipeline and appurtenant facilities from the Howard Bend Treatment Plant, owned and operated by the City of St. Louis, Missouri, to the separate facilities of the municipalities of St. Peters, Missouri, and St. Charles, Missouri, in order to adequately supply water by the pipeline to the citizens and businesses of the municipalities. The Water Pipeline Project is owned by the City of St. Peters (31.8%) and the City of St. Charles (68.2%). The City of St. Peters is responsible for managing and accounting for the daily operations of the Water Pipeline Project, except when concurrence of both cities is required. Additional information regarding the Water Pipeline Project is provided in Note 12.

Convention Center Project

The City and the St. Charles County Convention & Sports Facility Authority (the Authority) entered into a Convention Center Agreement (Cooperation Agreement) to contract and cooperate with each other and any private corporation for the planning, development, construction, acquisition or operation of a public improvement or facility as authorized under RSMo 70.210 to 70.320. Specifically, the Cooperation Agreement provides for the joint financing, construction and operation of a convention center facility and all related improvements.

CITY OF SAINT CHARLES, MISSOURI

Notes To Basic Financial Statements (*Continued*)

The Authority will own an undivided $\frac{3}{4}$ interest and the City will own an undivided $\frac{1}{4}$ interest in the Convention Center Building. The City will retain ownership of the land for the project and lease the property to the Authority and to the Hotel Developer. Additional information regarding the Convention Center Project is provided for in Note 12.

Related Organization

The City's officials are also responsible for appointing members to the board of St. Charles Housing Authority and the New Town Entertainment District, but the City's accountability for these organizations does not extend beyond making such appointments. Accordingly, these related organizations are not included as a component unit within the City's financial reporting entity.

Jointly Governed Organization

The City has entered into a multi-governmental arrangement creating the St. Charles City-County Library Board, which is governed by representatives from each of the participating governments. This organization is not considered to be a joint venture as the City does not retain an ongoing financial interest in or responsibility for the organization. Additionally, this entity does not meet the criteria for inclusion as a component unit in the primary government's financial reporting entity. Accordingly, the St. Charles City-County Library Board is considered a jointly governed organization.

Basis Of Presentation

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds).

Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the City. The effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external parties. The government-wide financial statements report net assets in three parts - invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The City first utilizes restricted resources to finance qualifying activities.

CITY OF SAINT CHARLES, MISSOURI

Notes To Basic Financial Statements (*Continued*)

The government-wide statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Taxes, unrestricted interest earnings and other items not properly included among program revenues are reported instead as general revenues. The government-wide focus is more on the sustainability of the City as an entity and the change in the City's net assets resulting from the current year's activities.

Fund Financial Statements

Following the government-wide financial statements are separate financial statements for governmental funds, proprietary funds and fiduciary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. All other governmental funds are reported in one column labeled "Other Governmental Funds". The total fund balances for all governmental funds is reconciled to total net assets for governmental activities as shown on the statement of net assets. The net change in fund balance for all governmental funds is reconciled to the total change in net assets as shown on the statement of activities in the government-wide financial statements.

Fund Accounting

The City uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with self-balancing accounts. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. There are three categories of funds: governmental, proprietary and fiduciary.

Governmental Fund Type

Governmental funds are those through which most governmental functions of the City are financed. The acquisition, use, and balances of the City's expendable financial resources and the related liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds. The measurement focus is upon determination of and changes in financial position rather than upon net income. The following are the City's major governmental funds:

General Fund - The general fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Convention Facilities Fund - The convention facilities fund is used to account for the construction expenditures of the convention center.

CITY OF SAINT CHARLES, MISSOURI

Notes To Basic Financial Statements (*Continued*)

Neighborhood Improvement District (NID) Debt Service Fund – The NID debt service fund is used to account for the accumulation of resources for, and the payment of long-term debt principal, interest and related costs for bonds issued for improvements to the New Town Development.

The other governmental funds of the City are considered nonmajor. They are special revenue funds which account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes, debt service funds, which account for the accumulation of resources for the payment of long-term debt, and capital project funds which account for financial resources to be used for acquisition or construction of capital facilities and a permanent fund which is used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used.

Proprietary Fund Type

Proprietary funds are used to account for activities that are similar to those found in the private sector. The measurement focus is on the determination of net income, changes in net assets (or cost recovery), financial position and cash flows. The following are the City's Proprietary fund types:

Enterprise Funds - Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The City has two enterprise funds which are considered major funds as follows:

Major Funds

Waterworks Fund - The waterworks fund is used to account for the collection of revenue and operating expenditures related to water services provided by the City for its customers.

Sanitary Sewer - The sanitary sewer fund is used to account for the collection of revenue and operating expenditures related to sanitary sewer services provided by the City for its customers.

NonMajor Fund

Parking Facilities - The parking facilities fund is used to account for the collection of revenue and operating expenses related to parking facilities owned by the City.

Internal Service Funds - Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City. The City's internal service fund reports on a self-insurance program for workers' compensation, general liability and various other risk management services.

Fiduciary Fund Type – Agency Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of the results of operations. The City's agency funds account for performance bonds pledged by contractors, municipal court collections for bail bonds and the tax collection activities for the Mark Twain Mall Transportation Development District (TDD).

Measurement Focus

Government-Wide Financial Statements

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the City are included on the statement of net assets.

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, all proprietary funds are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The statement of changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in total net assets. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

Basis Of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting; proprietary and fiduciary funds also use the accrual basis of accounting. Governmental funds used the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue and in the presentation of expenses versus expenditures.

CITY OF SAINT CHARLES, MISSOURI

Notes To Basic Financial Statements (*Continued*)

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Enterprise Funds and Internal Service Fund are charges to customers for water, sewer and parking services for the Enterprise Funds and interfund services for the Internal Service Fund. Operating expenses for the Enterprise Funds and Internal Service Fund include the cost of sales or services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting these definitions are reported as nonoperating revenue and expenses.

Revenues – Exchange And NonExchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year.

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the year for which the taxes are levied (See Note 3). Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized. For the City, available means expected to be received within 60 days of year end.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year end: state-levied locally shared taxes (including gasoline tax), fines and forfeitures, licenses and permits, interest, grants and rentals.

Deferred Revenues

Deferred revenue arises when assets are recognized before revenue recognition criteria has been satisfied. Certain grants received before eligibility requirements are met are reported as deferred revenues.

In governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

CITY OF SAINT CHARLES, MISSOURI

Notes To Basic Financial Statements (*Continued*)

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. However, principal and interest on general long-term debt, which have not matured are recognized when paid. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

Inventories

Purchases of materials and supplies in the governmental fund types are charged to expenditures as incurred. Amounts of inventories in such funds are immaterial. For the enterprise funds, inventories are recorded at cost using the first-in, first-out method and the expense is recognized when inventories are consumed in operations.

Capital Assets

Capital assets, which include property, plant, equipment and prospectively reported infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined as assets with an initial, individual cost of \$5,000 or more for general capital assets, \$100,000 or more for signals, \$250,000 or more for streets and stormwater, \$250,000 or more for infrastructure, and an estimated useful life in excess of one year. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

In accordance with the transitional provision of GASB Statement No. 34, general government infrastructure assets (streets, bridges, sidewalks) have not been fully capitalized retroactively at December 31, 2005 but will be over the next two years.

The costs of normal maintenance and repairs that do not enhance functionality or materially extend the life of an asset are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Buildings and improvements	50
Water and sewer lines	50
Streets, bridges and sidewalks	20 – 50
Furniture and other equipment	5 – 20
Vehicles	8
Computer equipment	5
Software	5
Land improvement	20
Outdoor recreation	20

One-half year of depreciation is taken in the year the assets are acquired or retired. Fully depreciated assets are included in the accounts until their disposal.

Accumulated Unpaid Vacation, Compensatory Time And Sick Leave

City employees earn vacation during the current year which must be taken in the subsequent year. Accrued vacation time is payable to employees upon termination. Accrued compensatory time is payable 100% to employees upon termination. Sick leave is vested and accumulated sick days (subject to a minimum of 12 days) are paid at 25% up to 120 days and 50% in excess of 120 days, not to exceed 30 days, and is payable upon termination.

Accumulated unpaid vacation, compensatory time, and sick leave are accrued as earned. These amounts are recorded in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if the amounts due at year end have matured.

Long-Term Liabilities

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount and deferred amounts on refundings. Bond issuance costs are reported as a deferred charge.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. The accounting for the proprietary fund is the same in the fund statements as it is in the government-wide statements.

Deferred Amount On Refunding

In the government-wide financial statements, the deferred amount on refunding is recorded as a reduction of the debt obligation. The deferred amount on refunding is computed as the difference between the reacquisition price and the net carrying amount of the old debt which includes unamortized bond issuance costs. This deferred amount on refunding is amortized as a component of interest expense over the remaining life of the bonds using the straight-line method, since results of the straight-line method are not materially different from the effective interest method.

In the fund financial statements, the deferred amount on refunding is not recorded in governmental funds. The accounting for the proprietary fund is the same in the fund financial statements as it is in the government-wide financial statements.

CITY OF SAINT CHARLES, MISSOURI

Notes To Basic Financial Statements (*Continued*)

Interfund Transactions

In the fund financial statements, the City has the following types of transactions among funds:

Transfers

Legally required transfers are reported when incurred as “transfers in” by the recipient fund and as “transfers out” by the disbursing fund.

Interfund Services Provided/Used

Charges or collections for services rendered by one fund for another are recognized as revenues (interfund services provided) of the recipient fund and expenditures or expenses (interfund services used) of the disbursing fund. These transactions are recorded as interfund services provided and used because they would be treated as revenues and expenditures or expenses if they involved organizations external to the City.

Certain internal payments are treated as program revenues, such as internal services provided and used. Certain internal payments are treated as a reduction of expense, such as reimbursements.

Elimination of interfund activity has been made for governmental activities in the government-wide financial statements.

Net Assets

In the government-wide and proprietary fund financial statements, net assets are displayed in three components as follows:

Invested In Capital Assets, Net Of Related Debt - This consists of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction or improvements of those assets.

Restricted - This consists of net assets that are legally restricted by outside parties or by law through constitutional provisions or enabling legislation.

Unrestricted - This consists of net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

Investment In Joint Venture

The City’s investment in the St. Peters-St. Charles Water Pipeline Project (Joint Venture) is recorded on the equity method of accounting.

Statement Of Cash Flows

The proprietary fund types consider all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

Estimates And Assumptions

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires the City to make estimates and assumptions that affect the reported amounts of assets and liabilities at fiscal year end and revenues and expenditures or expenses during the reporting period. Actual results could differ from those estimates.

2. Deposits And Investments

During 2005, the City adopted GASB Statement No. 40, *Deposit and Investment Risk Disclosures, an Amendment of GASB Statement No. 3 (GASB 40)*. The adoption of GASB 40 modifies certain financial statement disclosure requirements. The new standard enhances deposit and investment risk disclosures by updating the custodial credit risk disclosure requirements of GASB 3 and addressing other common risks, including concentrations of credit risk, interest rate risk, and foreign currency risk. The implementation of GASB 40 had no effect on financial statement amounts.

Investment Policy

The City's Finance Director, or delegated finance department staff member, subject to review of the Finance Director, is authorized to invest excess funds in any investments authorized by the City's investment policy. The City's investment policy authorizes the City to invest in the following instruments to provide maximum security of capital with the highest return on investment while meeting daily cash flow demands of the City and conforming to all Missouri state statutes governing the investment of public funds: United States Treasury obligations, United States Government Agency Securities and instrumentalities of government sponsored corporations, collateralized repurchase agreements, collateralized certificates of deposit, any full faith and credit obligations of the United States Government and the State of Missouri. Investments may be further restricted by trustee agreements for the City's various debt issues. As of December 31, 2005, all of the City's investments were in compliance with the City's investment policy.

The objectives of the City's investment policy, in order of priority as adopted by the City Council, are the following:

Legality:

Investments are limited to permissible instruments as per above.

Safety:

Investments shall be undertaken in a manner that seeks to ensure the preservation of the capital in the overall portfolio. Therefore, investments of a speculative nature are to be avoided. Additionally, diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio. The objective will be to mitigate credit and interest rate risks. Under no circumstances will the City invest in derivatives or allow the use of investments containing derivatives as collateral.

CITY OF SAINT CHARLES, MISSOURI

Notes To Basic Financial Statements (*Continued*)

Liquidity:

The City's investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. This is accomplished by structuring the portfolio so that securities mature concurrent with cash needs to meet anticipated demands.

Yield:

The City's investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account investment risk constraints and liquidity needs. Return on investment is of least importance compared to the safety and liquidity objectives described above. The core of investments are limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed. Securities shall not be sold prior to maturity with the following exceptions: a declining credit security could be sold early to minimize loss of principal; a security swap would improve the quality, yield, or target duration in the portfolio; or liquidity needs of the portfolio require that the security be sold.

As of December 31, 2005, the City's deposit and investment balances were as follows:

Deposits/Investment Type	Fair Value
Cash deposits	\$ (667,046)
Certificates of deposit	30,647,758
Repurchase agreement	5,500,000
United States Treasuries	2,007,764
Money market funds	1,742,048
United States agency securities	50,538,293
	<u>\$ 89,768,817</u>
Governmental cash and investments (restricted and unrestricted)	\$ 54,332,366
Business-type cash and investments (restricted and unrestricted)	34,848,720
Fiduciary cash and investments	587,731
	<u>\$ 89,768,817</u>

Interest Rate Risk

To the extent possible, the City will attempt to match its investments with anticipated cash flow requirements. At all times the City should maintain a minimum of 5% of the total portfolio in highly marketable US Treasury Bills or overnight repurchase agreements. Generally, the City should purchase investments with maturities of less than five years. The City may invest up to 75% of the lesser of targeted or actual unreserved fund balance of certain funds in maturities greater than five years. Trustee agreements for the City's various debt issues may further restrict allowable maturities for those investments.

CITY OF SAINT CHARLES, MISSOURI

Notes To Basic Financial Statements (*Continued*)

As of December 31, 2005, the City had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (In Years)		
		Less Than 1	1 – 5	6 - 10
Repurchase agreement	\$ 5,500,000	\$ 5,500,000	\$ —	\$ —
United States treasuries	2,007,764	2,007,764	—	—
United States agencies*	50,538,293	15,863,575	30,211,368	4,463,350
Money market funds	1,742,048	1,742,048	—	—
	\$ 59,788,105	\$ 25,113,387	\$ 30,211,368	\$ 4,463,350

*Many of the agency securities are callable during 2006. However, it is not likely that they will be called as the current fair value is less than the book value for nearly all the agencies.

Credit Risk

The City will minimize credit risk, the risk of loss due to the failure of the security issuer or backer by only using those financial institutions that have been approved by the Finance Director. Securities dealers not affiliated with a bank shall be required to have an office located in Missouri (preferably local) and be fully licensed and registered NASD broker/dealers. The City will also diversify the portfolio so that potential losses on individual securities will be minimized and all trades, where applicable, will be executed by delivery versus payment.

The City's credit ratings associated with their money market funds, United States agency and United States treasury securities all carry a credit rating assigned by Standard and Poor's of "AAA" and assigned by Moody's of "Aaa". The repurchase agreement is collateralized with a Federal National Mortgage Association Security. A rating for this security was unable to be obtained.

Concentration Of Credit Risk

The City's investments will be diversified to eliminate the risk of loss resulting from over concentration of assets in a specific maturity, a specific issuer or a specific class of security. The following guidelines represent the maximum limits established for diversification by instrument:

Diversification Of Instrument	Maximum Percent Of Portfolio
US treasury obligations	100%
US Government agency securities and instrumentalities of government sponsored corporations	100%
Certificates of deposit	10%
Repurchase agreements	25%

CITY OF SAINT CHARLES, MISSOURI

Notes To Basic Financial Statements (*Continued*)

The City employs the “prudent person” standard, as defined in the policy, to determine the instrument type and maturity that the City will invest its funds in. At December 31, 2005, the City had the following investment concentrations with one issuer:

	Fair Value	Percentage Of Total Investments
Federal Home Loan Bank	\$ 29,819,691	49.8%
Federal National Mortgage Association	16,757,579	28.0%
Overnight repurchase agreement	5,500,000	9.2%

Custodial Credit Risk

For investments, custodial credit risk is the risk that in the event of the failure of the counterparty to a transaction, the City will not be able to recover the value of the investments or collateral securities that are in the possession of an outside party. In accordance with its policy, the City addresses custodial risk by pre-qualifying institutions with which the City places investments, diversifying the investment portfolio, and maintaining a standard of quality for investments.

For deposits, custodial credit risk is the risk that in the event of bank failure, the City’s deposits may not be returned to it. Protection of the City’s deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution, or by a single collateral pool established by the financial institution.

3. Property Tax

The City’s property tax is levied annually, on or before September 1, based on the assessed valuation of property located in the City as of the previous January 1. Assessed valuations are established by the St. Charles County Assessor. The City’s 2005 tax rate was levied at \$0.9200 per \$100 of assessed valuation of which \$0.5270 is for general revenue purposes, \$0.2370 for public parks, and \$0.1560 for the payment of principal and interest on general obligation bonds. Taxes are billed November 1, are due and collectible on December 31, and are delinquent and represent a lien on related property on January 1 of the following year. Taxes are billed, collected, and remitted to the City by the St. Charles County Collector.

CITY OF SAINT CHARLES, MISSOURI

Notes To Basic Financial Statements (*Continued*)**4. Capital Assets**

Capital asset activity for the year ended December 31, 2005:

	Balance - January 1, 2005	Increases	Decreases	Balance - December 31, 2005
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 26,738,073	\$ 25,000	\$ —	26,763,073
Construction in process	48,787,631	19,061,777	(45,802,132)	22,047,276
Total capital assets, not being Depreciated	75,525,704	19,086,777	(45,802,132)	48,810,349
Capital assets, being depreciated:				
Land improvements	18,724,062	825,295	(5,425,925)	14,123,432
Structures and improvements	27,538,802	13,506,428	—	41,045,230
Furniture, fixtures and equipment	16,280,411	1,942,083	(462,856)	17,759,638
Infrastructure	14,772,337	8,626,138	—	23,398,475
Total capital assets being Depreciated	77,315,612	24,899,944	(5,888,781)	96,326,775
Less accumulated depreciation for:				
Land improvements	5,376,646	794,381	—	6,171,027
Structures and improvements	5,798,886	1,079,200	—	6,878,086
Furniture, fixtures and equipment	7,315,409	1,540,807	(428,076)	8,428,140
Infrastructure	364,567	380,803	—	745,370
Total accumulated depreciation	18,855,508	3,795,191	(428,076)	22,222,623
Total capital assets, being depreciated, net	58,460,104	21,104,753	(5,460,705)	74,104,152
Governmental activities capital assets, net	\$ 133,985,808	\$ 40,191,530	\$ (51,262,837)	\$ 122,914,501

As discussed in Note 12, as part of the Convention Center Project Agreement, the City upon completion of the project transferred to the St. Charles County Convention and Sports Authority its 75% undivided interest in the Convention Center building totaling \$27,740,817.

CITY OF SAINT CHARLES, MISSOURI

Notes To Basic Financial Statements (*Continued*)

The City has elected to phase in, over part of the available transitional period, the retroactive reporting of infrastructure capital assets. The infrastructure assets reported at December 31, 2005 include only those infrastructure assets capitalized since January 1, 2003. Infrastructure represents additions for certain roads, related sidewalks and streetlights that were placed in service during this period of time. All other infrastructure assets placed in service prior to January 1, 2002 will be reported in future financial statements in accordance with the transitional provisions allowed for infrastructure assets in GASB 34.

	Balance - January 1, 2005	Increases	Decreases	Balance - December 31, 2005
Business-Type Activities:				
Waterworks:				
Capital assets, not being depreciated:				
Land and land rights	\$ 223,228	\$ —	\$ —	\$ 223,228
Construction in progress	5,208,522	3,681,702	(8,508,843)	381,381
Total capital assets not being depreciated	5,431,750	3,681,702	(8,508,843)	604,609
Capital assets, being depreciated:				
Buildings and improvements	19,202,853	8,217,871	—	27,420,724
Furniture, fixtures and equipment	2,631,692	38,597	(14,550)	2,655,739
Total capital assets being depreciated	21,834,545	8,256,468	(14,550)	30,076,463
Less: Accumulated depreciation	(8,042,353)	(1,011,175)	14,550	(9,038,978)
Total capital assets being depreciated, net	13,792,192	7,245,293	—	21,037,485
Waterworks capital assets, net	19,223,942	10,926,995	(8,508,843)	21,642,094
Sanitary sewer:				
Capital assets, not being depreciated:				
Land and land rights	218,059	—	—	218,059
Construction in progress	2,515,091	1,006,754	(265,474)	3,256,371
Total capital assets not being depreciated	2,733,150	1,006,754	(265,474)	3,474,430
Capital assets, being depreciated:				
Buildings and improvements	47,280,987	265,474	—	47,546,461
Furniture, fixtures and equipment	3,775,413	42,061	—	3,817,474
Total capital assets being depreciated	51,056,400	307,535	—	51,363,935
Less: Accumulated depreciation	(24,055,745)	(1,831,111)	—	(25,886,856)
Total capital assets being depreciated, net	27,000,655	(1,523,576)	—	25,477,079
Sanitary sewer capital assets, net	29,733,805	(516,822)	(265,474)	28,951,509
Parking facilities:				
Capital assets, not being depreciated:				
Land	177,000	—	—	177,000
Capital assets, being depreciated:				
Buildings and improvements	6,820,111	133,493	—	6,953,604
Furniture, fixtures and equipment	41,149	—	—	41,149
Total capital assets being depreciated	6,861,260	133,493	—	6,994,753
Total accumulated depreciation	(3,369,457)	(276,526)	—	(3,645,983)
Total capital assets being depreciated, net	3,491,803	(143,033)	—	3,348,770
Parking facilities capital assets, net	\$ 3,668,803	\$ (143,033)	\$ —	\$ 3,525,770

CITY OF SAINT CHARLES, MISSOURI

Notes To Basic Financial Statements (*Continued*)

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:

General Government	493,070
Public Improvements	747,410
Public Parks	699,248
Public Safety	1,384,123
Public Works	1,402
ConventionCenter	469,938

Total depreciation expense - governmental-type
activities

\$ 3,795,191

Business-type Activities:

Waterworks	\$ 1,011,175
Sanitary Sewer	1,831,111
Parking Facilities	276,526

Total depreciation expense - business-type activities

\$ 3,118,812

5. Employees' Retirement System

The City participates in the Missouri Local Government Employees Retirement System (LAGERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for local government entities in Missouri.

Plan Description

LAGERS is a defined benefit pension plan, which provides retirement, disability, and death benefits to plan members and beneficiaries. LAGERS was created and is governed by statute. As such, it is LAGERS' responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401(a) and is tax exempt.

All full-time employees are eligible to participate in LAGERS. Benefits vest after five years of credited service. Employees who retire on or after age 60 (55 for police and fire) with five or more years of service are entitled to an allowance for life based upon the benefit program then in effect. Employees may retire with a reduced early retirement benefit after a minimum of five years of credited service and attaining age 55 (50 for police and fire).

LAGERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to LAGERS, P.O. Box 1665, Jefferson City, Missouri 65102 or by calling 1-800-447-4334.

CITY OF SAINT CHARLES, MISSOURI

Notes To Basic Financial Statements (*Continued*)

Funding Status

The City's full-time employees do not contribute to the pension plan. The City is required by state statute to contribute at an actuarially determined rate. The current rate is 12.2% of annual covered payroll for general employees, 10.2% for police, and 9.7% for fire employees. The contribution requirements of plan members are determined by the governing body of the City Council. The contribution requirements of the City are established by state statute.

Annual Pension Cost

For the City's fiscal year ended December 31, 2005, the annual pension cost incurred of \$2,705,160 was equal to the required and actual contributions. The required contribution was determined as part of the February 29, 2004 annual actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) a rate of return on the investment of present and future assets of 7.5% per year, compounded annually, (b) projected salary increases of 4.0% per year, compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0.0% to 4.2% per year, depending on age, attributable to seniority/merit, (d) pre-retirement mortality based on the 1983 Group Annuity Mortality table and (e) post-retirement mortality based on the 1971 Group Annuity Mortality table projected to 2000 set back one year for men and seven years for women. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period at February 28, 2005 was 15 years.

Historical Trend Information

Historical trend information about the City's participation in LAGERS, based on their annual reporting period of June 30, is presented below to help readers assess the plan's funding status on a going-concern basis and assess progress being made in accumulating assets to pay benefits when due.

Three-Year Trend Information

Plan Year Ending	Annual Pension Costs (APC)	Percentage Of APC Contributed	Net Pension Obligation
June 30, 2005	\$ 2,576,261	100%	\$ —
June 30, 2004	2,242,610	100%	—
June 30, 2003	1,973,987	100%	—

CITY OF SAINT CHARLES, MISSOURINotes To Basic Financial Statements (*Continued*)**Required Supplementary Information
Schedule Of Funding Progress
(Unaudited)**

	(a)	(b)	(b-a)		(c)	[(b-a)/c]
Actuarial	Actuarial	Entry Age	Unfunded	(a/b)	Annual	UAL As A
Valuation	Value	Accrued	Liability	Funded	Covered	Percentage
Date	Of Assets	Liability	(UAL)	Ratio	Payroll	Of Covered
						Payroll
February 28, 2005	\$ 59,484,770	\$ 67,465,964	\$ 7,981,194	88%	\$ 24,656,858	32%
February 29, 2004	57,566,067	63,690,364	6,124,297	90%	23,478,577	26%
February 28, 2003	55,781,130	62,161,564	6,380,434	90%	22,591,574	28%

6. Obligations Under Lease Agreements

The City leases equipment under the terms of certain operating lease agreements with terms in excess of one year. Annual aggregate lease payments remaining under the terms of these operating lease agreements as of December 31, 2005 are as follows:

<u>Year</u>	<u>Amount</u>
2006	\$ 88,195
2007	18,000
2008	18,000
2009	18,000
2010	18,000
Thereafter	220,500
	<u>\$ 380,695</u>

Total operating lease rental expenditures of \$98,033 for the year ended December 31, 2005 are included in contractual services expenditures of the respective funds.

CITY OF SAINT CHARLES, MISSOURI

Notes To Basic Financial Statements (*Continued*)

7. Long-Term Liabilities

The following is a summary of changes in the City's long-term liabilities for the year ended December 31, 2005:

	Balance - January 1, 2005	Additions	Retirements	Balance - December 31, 2005	Current Portion
Governmental Activities:					
Compensated Absences*	\$ 3,268,524	\$ 2,178,782	\$ 2,145,922	\$ 3,301,384	\$ 1,629,577
General Obligation Bonds:					
General Obligation Bonds dated November 16, 1993	\$ 95,000	\$ —	\$ 95,000	\$ —	\$ —
General Obligation Bonds dated March 20, 2001, 3.9% - 5% payable in varying amounts through 2021	12,240,000	—	220,000	12,020,000	240,000
General Obligation Bonds dated July 1, 2003, 1.45% - 3.55% payable in varying amounts through 2015	2,505,000	—	60,000	2,445,000	65,000
General Obligation Refunding Bonds dated June 1, 2004, 2.1% - 3.375% payable in varying amounts through 2009	2,240,000	—	350,000	1,890,000	490,000
	\$ 17,080,000	\$ —	\$ 725,000	\$ 16,355,000	\$ 795,000
Neighborhood Improvement District Special Assessment Debt With Governmental Commitment:					
Neighborhood Improvement District Limited General Obligation Bonds (New Town at St. Charles Infrastructure Project - Phase One Improvements) Series 2004 dated September 1, 2004, 2.05% - 4.65% payable in varying amounts through 2024	\$ 3,295,000	\$ —	\$ —	\$ 3,295,000	\$ —
Neighborhood Improvement District Limited General Obligation Bonds (New Town at St. Charles Infrastructure Project - Phase Two and Three Improvements) Series 2005 A and B dated November 1, 2005, 3% -4.5% payable in varying amounts through 2025	—	7,905,000	—	7,905,000	—
	\$ 3,295,000	\$ 7,905,000	\$ —	\$ 11,200,000	\$ —

* The liability for compensated absences has historically been liquidated in each respective governmental fund.

CITY OF SAINT CHARLES, MISSOURI

Notes To Basic Financial Statements (*Continued*)

	Balance - January 1, 2005	Additions	Retirements	Balance - December 31, 2005	Current Portion
Tax Increment Revenue Notes:					
Tax Increment Revenue Notes, Series 1996 (Elm Point Redevelopment Project), \$6,177,500 authorized, 8%, maturing in December 2011	\$ 3,105,000	\$ —	\$ 275,000	\$ 2,830,000	\$ —
Tax Increment Revenue Notes, Series 1997, (Fountain Lakes Redevelopment Project), \$15,000,000 authorized, 7% - 9%, were refunded in 2005 to issue Series 2005 notes. The notes are substantively the same but have a new interest rate of 4% - 7%, maturing in March 2014.	14,590,000	—	14,590,000	—	—
Tax Increment Revenue Notes, Series 1998, (Elm Point - Lime Lagoon), \$8,000,000 authorized, 7% - 9%, maturing in October 2019	7,735,000	—	—	7,735,000	—
Tax Increment Revenue Notes, Series 2000, (Mark Twain Mall Bass Pro Shops Redevelopment Project), \$12,200,000 authorized, 9%, maturing in October 2015	9,039,000	—	859,000	8,180,000	—
Tax Increment Revenue Notes, Series 2005, (Fountain Lakes Redevelopment Project), \$14,590,000 authorized, 4% - 7%, maturing in March 2014	—	14,590,000	739,000	13,851,000	795,000
	\$ 34,469,000	\$ 14,590,000	\$ 16,463,000	\$ 32,596,000	\$ 795,000
Certificates of Participation:					
Certificates of Participation, Series 2003, (Art Foundry Center), \$1,865,000 authorized, 1.9% - 4.75%, maturing in July 2023	\$ 1,795,000	\$ —	\$ 70,000	\$ 1,725,000	\$ 70,000
Certificates of Participation, Series 2003B, (Convention Center), \$29,735,000 authorized, 2.25% - 5.3%, maturing in May 2024	29,735,000	—	—	29,735,000	275,000
	\$ 31,530,000	\$ —	\$ 70,000	\$ 31,460,000	\$ 345,000

CITY OF SAINT CHARLES, MISSOURI

Notes To Basic Financial Statements (*Continued*)

	Balance - January 1, 2005	Additions	Retirements	Balance - December 31, 2005	Current Portion
PFA Leasehold Revenue Bonds:					
PFA Leasehold Revenue Bonds, Series 1997, dated September 2, 1997, 4.75% - 5.45%, payable in varying amounts through 2017	\$ 7,830,000	\$ —	\$ 440,000	\$ 7,390,000	\$ 460,000
PFA Taxable Leasehold Revenue Bonds, Series 2002 A dated June 1, 2002, 3.1% - 3.3% maturing in 2007	4,355,000	—	1,230,000	3,125,000	1,225,000
PFA Taxable Leasehold Revenue Bonds, Series 2002C, dated June 1, 2002, 5.2%, payable in varying amounts through 2007	1,095,000	—	—	1,095,000	—
	\$ 13,280,000	\$ —	\$ 1,670,000	\$ 11,610,000	\$ 1,685,000
	<u>\$ 102,922,524</u>	<u>\$ 24,673,782</u>	<u>\$ 21,073,922</u>	106,522,384	<u>\$ 5,249,577</u>
Less: Unamortized discount, net				(808,680)	
Less: Deferred amount on refunding				<u>(328,910)</u>	
Total Governmental Activities				<u>\$ 105,384,794</u>	
Business-Type Activities:					
Compensated absences	\$ 166,825	\$ 102,536	\$ 126,194	\$ 143,167	\$ 86,216
PFA Leasehold Revenue Bonds:					
PFA Leasehold Revenue Bonds, Series 1997, dated September 2, 1997, 4.75% - 5.45%, payable in varying amounts through 2017	\$ 21,315,000	\$ —	\$ 540,000	\$ 20,775,000	\$ 565,000
PFA Leasehold Revenue Bonds, Series 2002 A, dated June 1, 2002, 3.1% - 5%, payable in varying amounts through 2023	14,735,000	—	15,000	14,720,000	15,000
PFA Leasehold Revenue Bonds, Series 2002 B, dated June 1, 2002, 3.1% - 5%, payable in varying amounts through 2023	16,415,000	—	130,000	16,285,000	130,000
	\$ 52,465,000	\$ —	\$ 685,000	\$ 51,780,000	\$ 710,000
Certificates of Participation, Series 2004A, dated February 1, 2004, 1.45% - 2.6%, payable in varying amounts through 2010	\$ 7,785,000	\$ —	\$ 1,165,000	\$ 6,620,000	\$ 1,180,000
	<u>\$ 60,416,825</u>	<u>\$ 102,536</u>	<u>\$ 1,976,194</u>	58,543,167	<u>\$ 1,976,216</u>
Less: Unamortized discount, net				(698,591)	
Less: Deferred amount on refunding				<u>(728,995)</u>	
Total Business-Type Activities				<u>\$ 57,115,581</u>	

CITY OF SAINT CHARLES, MISSOURI

Notes To Basic Financial Statements (*Continued*)

Debt Service Requirements To Maturity

The annual principal requirements to maturity of bonded debt outstanding as of December 31, 2005 are as follows:

Year Ending December 31,	Governmental Activities		Business-Type Activities		Total Debt Service Requirements To Maturity	
	Principal	Interest	Principal	Interest	Principal	Interest
2006	\$ 2,825,000	\$ 3,003,276	\$ 1,890,000	\$ 2,700,177	\$ 4,715,000	\$ 5,703,453
2007	5,010,000	3,113,830	1,945,000	2,649,076	6,955,000	5,962,906
2008	2,515,000	2,918,028	2,005,000	2,591,065	4,520,000	5,509,093
2009	2,295,000	2,825,944	2,070,000	2,525,795	4,365,000	5,351,739
2010	2,370,000	2,725,045	2,945,000	2,440,595	5,315,000	5,165,640
2011-2015	16,470,000	11,695,044	13,575,000	10,299,139	30,045,000	21,994,183
2016-2020	22,195,000	6,919,220	20,680,000	5,812,368	42,875,000	12,731,588
2021-2025	16,945,000	1,636,822	13,290,000	1,018,500	30,235,000	2,655,322
	\$ 70,625,000	\$ 35,037,209	\$ 58,400,000	\$ 30,036,715	\$ 129,025,000	\$ 65,073,924

General Obligation Bonds

General obligation bonds are supported by a pledge of the City's full faith and credit. These bonds, which are reported in the government-wide statement of net assets, were issued to finance various capital projects. \$1,899,726 is available in the City's General Obligation Debt Service Fund to repay general obligation bonds. The remainder of the general obligation bonds are to be repaid from future property tax levies.

Neighborhood Improvement District Bonds (Special Assessment Debt With Governmental Commitment)

In 1994, State legislation was adopted permitting the formation of special assessment areas, known as Neighborhood Improvement Districts, to finance local public improvements (the NID Act). The improvements are financed by bonds which are retired by assessments levied on those specific properties which benefit from the improvements. To the extent assessments are insufficient to retire the NID Bonds, the City is obligated to pay for debt service with available funds of the City. The City is not authorized to levy a City-wide property tax to pay the NID Bonds.

On September 1, 2004, the City issued \$3,295,000 of Neighborhood Improvement District Limited General Obligation Bonds (NID Bonds). These bonds are supported by a pledge of the City's full faith and credit.

CITY OF SAINT CHARLES, MISSOURI

Notes To Basic Financial Statements (*Continued*)

On November 1, 2005, the City issued \$7,905,000 of Neighborhood Improvement District Limited General Obligation Bonds (NID Bonds). These bonds are supported by a pledge of the City's full faith and credit.

The 2005 and 2004 bonds, which are reported in the government-wide statement of net assets, were issued to finance various infrastructure projects benefiting the New Town at St. Charles Neighborhood Improvement District (the District) created by the City. The City's Neighborhood Improvement District Debt Service Fund has \$530,069 available to repay these bonds. The bonds will be repaid from future special assessments to be assessed on certain real property of the District.

Tax Increment Revenue Notes Payable

The City has entered into agreements to issue tax increment revenue notes for the purpose of paying a portion of the redevelopment costs in connection with several tax increment financing district redevelopment plans. The notes are payable solely from payments in lieu of taxes attributable to the increase in assessed value of real property in the project area and additional economic activity taxes with no specific debt service requirements, and do not constitute a general obligation of the City. The obligations of the City with respect to these notes terminate on the maturity dates specified above, whether or not the principal amount or interest thereon has been paid in full.

In January 2005, the City issued \$14,590,000 in TIF revenue notes, Series 2005, 2005A, and 2005B to refinance \$14,590,000 of the outstanding principal on the TIF revenue notes, Series 1997. The City refinanced the Series 1997 to obtain a lower interest rate. Since there are not set principal and interest payments on the TIF notes, it is not possible to calculate the reduction in debt service payments over the life of the notes, nor is it possible to calculate the economic gain.

Certificates Of Participation

Certificates of participation evidence proportionate ownership interest in the right to receive rental payments to be paid by the City under various lease/purchase agreements.

The 2003 certificates of participation are recorded in the statement of net assets as part of the governmental activities. The 2004 certificates of participation are recorded in the Waterworks and Sanitary Sewer Funds.

Public Facilities Authority (PFA) Leasehold Revenue Bonds

On September 10, 1985, the PFA was formed as a Missouri not-for-profit corporation. The purpose of the PFA is to facilitate the acquisition and construction of certain capital improvements and facilities solely for the benefit of the City of St. Charles, Missouri.

CITY OF SAINT CHARLES, MISSOURI

Notes To Basic Financial Statements (*Continued*)

Funding of such capital improvements and facilities has been provided through the issuance of leasehold revenue bonds. Concurrent with the issuance of the bonds discussed below, the City entered into lease agreements, whereby the assets acquired or constructed by the PFA have been leased to the City. The leases terminate each June 30 and can be renewed for additional one-year periods up to a maximum of twenty years. At the end of the 20-year period, the assets are intended to become the property of the City. Lease payments by the City are to be sufficient at all times to pay the total amount of interest and principal (whether at maturity, by acceleration, or by redemption as provided in the bond indenture) and premium, if any, on the leasehold revenue bonds as they become due.

The leasehold revenue bonds do not constitute a legal debt or liability for the City, the state of Missouri, or for any political subdivision thereof and do not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction. The issuance of the leasehold revenue bonds does not obligate the City to levy any form of taxation, therefore, or to make any appropriation for their payment in any fiscal year. The PFA has no taxing power. The activities and accounts of the PFA have been blended into the City's various fund types and account groups. Because the primary purpose of the PFA is to issue debt to fund the acquisition or construction of assets to be leased to the City, and use the lease payments to repay the debt, the assets and liabilities of the PFA are reported as a form of the City's assets and liabilities.

In September 1997, the PFA issued \$35,355,000 in Leasehold Revenue Bonds (Series 1997) to provide for the construction of improvements to waterworks, stormwater and sewerage systems of the City. The debt relating to the Series 1997 bonds has been recorded in the governmental activities of the statement of net assets, the Waterworks fund and the Sanitary Sewer fund.

In June 2002, the PFA issued \$37,250,000 in Leasehold Revenue Bonds (Series 2002 A, B, C) to provide funds for repairing streets, acquiring land, constructing improvements to the police station, making improvements to city hall, acquiring certain vehicles, and constructing improvements to waterworks and sewerage systems of the City. The debt relating to the Series 2002 A, B, & C bonds has been recorded in the governmental activities of the statement of net assets, the Waterworks fund, and the Sanitary Sewer fund.

Bond Restrictions

The following represents certain revenue bond restrictions of the debt issued by the PFA:

	Account	Amount Required	Authorized Expenditures
(a)	Debt Service Reserve	Amount equal to \$3,404,000 for the Series 1997 bond issue.	Payment of principal and interest only when funds are not available in the bond fund.
(b)	Bond Fund	Amount sufficient to pay the current bond and interest maturities on the Series 1997 bond issue.	Payment of principal and interest on bonds.

CITY OF SAINT CHARLES, MISSOURI

Notes To Basic Financial Statements (*Continued*)

The City obtained a debt service reserve fund policy issued by Financial Guaranty Insurance Company for the Series 2002A, B, & C Bonds. Under this policy, the City is not required to set up a bond reserve fund.

As of December 31, 2005, the revenue bond accounts for all PFA issued long-term debt totaled \$24,747,768. This amount along with other available unrestricted cash was sufficient to pay current bond and interest maturities as well as current construction costs.

The Series 2003, 2003B and 2004A Certificates of Participation have debt service reserve restriction requirements in amounts equal to \$141,758, \$2,973,500 and \$778,500, respectively. Authorized expenditures from these reserves include payments of principal and interest only when funds are not available in the bond fund.

Legal Debt Margin

Under the statutes of the State of Missouri, the limit of bonded indebtedness is 10% of the most recent assessed valuation. This does not include an additional debt limit of 10% assessed valuation available for street improvements or waterworks and electric plants as provided under the statutes of the State of Missouri. The computation is as follows:

Assessed valuation - 2005 tax year	<u>\$ 1,099,097,445</u>
Debt limit - 10% of assessed valuation	<u>\$ 109,909,745</u>
Amount of debt applicable to debt limit:	
Total general obligation bonded debt ⁽¹⁾	27,555,000
Less: Amount available in debt service funds	<u>(2,429,795)</u>
Bond indebtedness applicable to debt limit	<u>25,125,205</u>
Legal debt margin	<u>\$ 84,784,540</u>

(1) The table includes the NID Bonds. The NID Act and the constitutional provision authorizing neighborhood improvement districts expressly provide a debt limitation of 10% of the issuer's then-current assessed valuation. *Spradlin v. Fulton* raised, but did not answer the question of whether the NID Act and constitutional authorization established a debt limit independent of other general obligation debt limitations. Accordingly, at this time, NID Bonds are computed as part of the general debt limitation.

CITY OF SAINT CHARLES, MISSOURINotes To Basic Financial Statements (*Continued*)**8. Interfund Balances And Transfers**

The following represents a reconciliation of transfers between fund types and individual funds for the year ended December 31, 2005:

	Transfers From	Transfers To	Net Transfers
Major Governmental Funds:			
General	\$ —	\$ 380,000	\$ 380,000
Convention facilities	996,725	—	(996,725)
Neighborhood improvements district debt service	—	28,619	28,619
Nonmajor Governmental Funds:			
Street maintenance and improvement	10,000	—	(10,000)
Redevelopment			
Convention center operations	144,000	996,725	852,725
Tourism	—	144,000	144,000
Neighborhood improvement district	28,619	—	(28,619)
Major Enterprise Funds:			
Waterworks	185,000	—	(185,000)
Sanitary sewer	185,000	—	(185,000)
	<u>\$ 1,549,344</u>	<u>\$ 1,549,344</u>	<u>\$ —</u>

Interfund transfers were used to move resources from the fund budgeted to collect, to the fund the budget requires to expend them; to provide additional resources for debt service; to provide funding for certain capital improvement projects; and to cover administrative support.

Interfund receivable/payable balances as of December 31, 2005 are as follows:

	Interfund Receivable	Interfund Payable
Major Governmental Funds:		
General	\$ 1,491,624	\$ —
Nonmajor Governmental Fund:		
Capital improvement	130,000	—
Special street construction	—	1,491,624
Nonmajor Enterprise Fund:		
Parking facilities	—	130,000
	<u>\$ 1,621,624</u>	<u>\$ 1,621,624</u>

CITY OF SAINT CHARLES, MISSOURI

Notes To Basic Financial Statements (*Continued*)

Individual fund interfund advances as of December 31, 2005 are as follows:

	Interfund Receivable	Interfund Payable
Nonmajor Governmental Fund:		
Capital improvement	\$ 215,000	\$ —
Nonmajor Enterprise Fund:		
Parking facilities	—	215,000
	<u>\$ 215,000</u>	<u>\$ 215,000</u>

During fiscal year 1995, the Capital Improvement Fund advanced monies to the Parking Facilities Fund for improvements and repairs to the parking garage. The advance is to be repaid to the Capital Improvement Fund over a twelve-year period. The outstanding balance on the advances and interfund receivable/payable between the Capital Improvement Fund and the Parking Fund at December 31, 2005 is \$345,000.

The Special Street Construction Fund owes the General Fund \$1,491,624 for fund overdrafts of pooled cash as of December 31, 2005.

9. Commitments And Contingencies

Litigation

The City is a defendant in a number of lawsuits pertaining to matters which are incidental to performing routine governmental and other functions. Based on the current status of all these legal proceedings, it is the opinion of management that they will not have a material effect on the City's financial position.

Federal Grants

Under the terms of federal grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to reimbursements to the grantor agencies. It is the opinion of management that such reimbursements, if any, will not have a material effect on the City's financial position.

Other Commitments And Contingencies

The City has entered into an agreement with St. Charles County, Missouri (the County), for the purpose of developing an arena. Under the agreement, the City has agreed to contribute \$300,000 annually. Payments by the City began in September 2000 and will continue until September 2022, as long as the arena generates at least 115 separately ticketed public events. The City did not make a payment to the County during 2005 since the arena did not generate the required minimum number of separately ticketed public events. In November 2005, the County filed suit in County Circuit Court for alleged breach of contract related to this agreement. The County claims they did generate the minimum number of separately ticketed public events and is requesting the \$300,000 payment from the City plus interest.

10. Postretirement Health Care Benefits

In accordance with the City's administrative policy, the City provides postretirement health care benefits to all employees who retire from the City on or after attaining age 50 with at least 20 years of service. The City will pay 80% of the monthly costs for medical coverage for the retiree and 40% of the employee's spouse. Upon reaching Medicare eligibility, the City will fund the employee's cost for Medicare supplement insurance up to a maximum of \$125 a month. Employees who retired prior to September 1, 2002 had varying levels of postretirement health care benefits of a lesser amount than what is currently provided. At December 31, 2005, 45 retirees meet these eligibility requirements. Expenditures for postretirement health care benefits are recognized when paid. During 2005, expenditures of approximately \$227,000 were recognized for postretirement health care benefits.

11. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City utilizes the self-insurance internal service fund to account for and finance its uninsured risk of loss. The following types of insurance are provided by the self-insurance internal service fund: general liability, property and casualty, workers' compensation, and medical, dental and hospitalization benefits to City employees. Effective February 1, 2005, the City is no longer self-insured for medical and hospitalization benefits. Effective April 1, 2005, the City is no longer self-insured for dental benefits. The City will remain self-insured for general liability, property and casualty, and workers' compensation. The City purchases commercial insurance for claims in excess of coverage provided by the internal service fund and for all other risks of loss. Settlement claims have not exceeded this commercial insurance coverage in any of the past three years.

All funds of the City participate in the program and make payments to the self-insurance internal service fund based on both exposure and experience factors. Premiums include amounts needed to pay prior and current-year claims. Claim liabilities are established based on estimates of the ultimate costs of claims (including future expenses) that have been reported but not settled and of claims incurred and not reported. The outstanding claims liability recorded in the internal service fund was \$1,510,000 at December 31, 2005 and is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the general purpose financial statement indicates that it is probable that a liability has been incurred at the date of the general purpose financial statements and the amount of the loss can be reasonably estimated.

CITY OF SAINT CHARLES, MISSOURINotes To Basic Financial Statements (*Continued*)

Changes in the internal service fund claims liability for the years ended December 31, 2004 and December 31, 2005 are as follows:

	Workers'	General	Medical And	
	Compensation	Liability	Hospitalization	Total
			Benefits	
Claims liability at December 31, 2003	\$ 850,000	\$ 300,000	\$ 375,000	\$ 1,525,000
Incurred claims and claim adjustment expense:				
Provision for insured events of 2004	637,166	445,104	3,689,527	4,771,797
Increase (decrease) in provision for insured events of prior years	(128,519)	35,299	27,168	(66,052)
Total incurred claims and claim adjustment expenses	508,647	480,403	3,716,695	4,705,745
Payments:				
Claims and claim adjustment expenses attributable to insured events of 2004	224,734	124,422	3,314,527	3,663,683
Claims and claim adjustment expenses attributable to insured events of prior years	283,913	155,981	402,168	842,062
Total payments	508,647	280,403	3,716,695	4,505,745
Claims liability at December 31, 2004	850,000	500,000	375,000	1,725,000
Incurred claims and claim adjustment expense:				
Provision for insured events of 2005	551,306	537,240	359,157	1,447,703
Increase (decrease) in provision for insured events of prior years	132,632	115,724	(117,501)	130,855
Total incurred claims and claim adjustment expenses	683,938	652,964	241,656	1,578,558
Payments:				
Claims and claim adjustment expenses attributable to insured events of 2005	225,049	145,630	359,157	729,836
Claims and claim adjustment expenses attributable to insured events of prior years	408,889	407,334	247,499	1,063,722
Total payments	633,938	552,964	606,656	1,793,558
Claims liability at December 31, 2005	\$ 900,000	\$ 600,000	\$ 10,000	\$ 1,510,000

12. Joint Ventures

St. Peters-St. Charles Water Pipeline Project:

The St. Peters-St. Charles Water Pipeline Project operates a water pipeline and appurtenant facilities from the Howard Bend Treatment Plant, owned and operated by the City of St. Louis, Missouri, to the separate facilities of the municipalities of St. Peters, Missouri, and St. Charles, Missouri (Owners), in order to adequately supply water to the citizens and businesses of the municipalities.

The Water Pipeline Project is owned by the City of St. Peters, Missouri (31.8%), and the City of St. Charles, Missouri (68.2%). The Water Pipeline Project receives all of its operating revenue from the water it sells to the Owners. The cumulative investment in the Water Pipeline Project by the City of St. Charles, Missouri, through December 31, 2005 includes its proportionate share of water pipeline construction costs and an initial contribution to a water pipeline maintenance fund. Under terms of the Water Pipeline Project agreement, additional contributions to maintain the water pipeline maintenance fund at an agreed-upon base amount may be required. The current base amount is \$500,000, which may be increased to a maximum of \$1,000,000 if maintenance costs so justify.

During the year ended December 31, 2005, the City of St. Charles, Missouri purchased water from the Water Pipeline Project and paid related pumping charges of \$1,036,644 and \$45,199, respectively. These costs are included as operating expenses in the City's Waterworks enterprise fund. As of December 31, 2005, the City of St. Charles, Missouri owed the Water Pipeline Project approximately \$214,000 for purchased water.

Financial statements for the Water Pipeline Project are available from its administrative offices located at One St. Peters Centre Boulevard, St. Peters, Missouri 63376.

Convention Center Project:

In July 1997, the City of St. Charles, Missouri Tax Increment Financing (TIF) Commission prepared a redevelopment plan entitled St. Charles County Convention Center Redevelopment Area (Redevelopment Plan) calling for the construction of a convention center, a full-service hotel and related on-site and off-site improvements. In November 1997, the Redevelopment Plan was approved by the St. Charles City Council.

In 1992, the Authority was established as a separate legal entity by an Act of the Missouri State legislature with the authority to acquire, purchase or lease and construct, operate, and maintain convention centers, sports stadiums, field houses, indoor and outdoor convention, recreational and entertainment facilities, and to do all things incidental or necessary to facilitate these purposes.

CITY OF SAINT CHARLES, MISSOURI

Notes To Basic Financial Statements (*Continued*)

In 2003 the City and the Authority entered into a Convention Center Agreement (Cooperation Agreement) to contract and cooperate with each other and any private corporation for the planning, development, construction, acquisition or operation of a public improvement or facility as authorized under RSMo 70.210 to 70.320. Specifically, the Cooperation Agreement provides for the joint financing, construction and operation of a convention center facility and all related improvements (Convention Center Project).

The City and Authority also entered into a Hotel Redevelopment Agreement dated July 25, 2002 with a developer for the development and construction of a hotel of not less than 250 rooms adjacent to the Convention Center site (Hotel Project). The Convention Center property and the Hotel property, (collectively the Project Area), is owned by the City. The City will lease the Convention Center property to the Authority, and under separate lease agreement shall lease the Hotel property to the developer for \$100 per year for 55 years.

The Authority will own an undivided $\frac{3}{4}$ interest and the City will own an undivided $\frac{1}{4}$ interest in the Convention Center Building.

Pursuant to the Cooperation Agreement, On November 1, 2003, the City issued \$29,735,000 in Certificates of Participation to finance a portion of the construction of the Facility and other related costs and improvements. Until such time as the Certificates of Participation are paid in full or refinanced, the City shall contribute all TIF revenues generated as a result of the Convention Center and Hotel Project within the Convention Center Redevelopment Area, and such other revenues of the City, as will be necessary, when added to the Authority's contributions, to finance construction of, to retire the debt incurred for, and to fund the operation of the Convention Center.

Until such time as the Certificates of Participation are paid in full, the Authority shall contribute towards the cost of construction and operation of the Convention Center Project; (1) all proceeds of the hotel\motel tax earned by St. Charles County for the benefit of the Authority, except a portion for administration purposes; (2) all funds of the Authority, except \$300,000 to be used by the Authority as its Reserve Funds; (3) any interest accumulating on any funds of the Authority except the reserve or operating funds; and (4) any portion of the annual administrative funds not spent or appropriated by the end of the applicable year.

The Convention Center Project is considered a joint venture between the City and the Authority because it constitutes a contractual agreement for public benefit, subject to joint control, in which the City and Authority retain an ongoing financial responsibility as discussed above. There are no separate financial statements prepared for the Convention Center project.

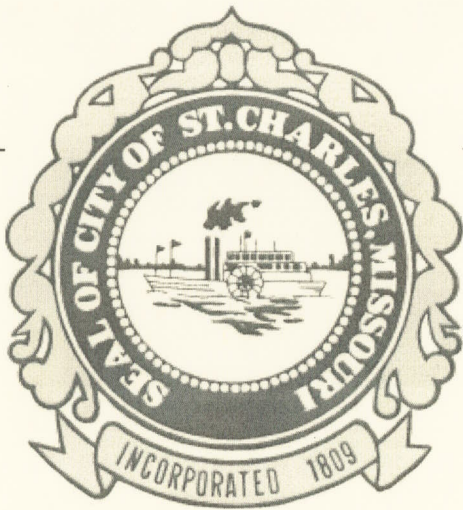
13. Subsequent Event

During February 2006, the City issued \$10,930,000 of General Obligation Refunding Bonds, Series 2006 to refund the remaining principal amount of outstanding General Obligation Bonds, Series 2001.

14. Prior Period Adjustment

The financial statements for the year ended December 31, 2005 have been restated to correct an error regarding the accrual of compensated absences. An adjustment was necessary to accurately reflect the beginning balance of compensated absences in the governmental fund financial statements. The effect of this adjustment to accrued compensated absences results in an increase to fund balance as of January 1, 2005 of \$1,558,331.

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Required Supplementary Data

CITY OF SAINT CHARLES, MISSOURI

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL GENERAL FUND

For The Year Ended December 31, 2005

	Budgeted Amounts			Variance With
	Original	Revised		Final Budget -
	Budget	Final	Actual	Positive
		Budget		(Negative)
Revenues				
Taxes, including interest and penalties:				
Property	\$ 5,689,300	\$ 5,689,300	\$ 5,832,668	\$ 143,368
Utility gross receipts	6,291,000	6,291,000	6,222,184	(68,816)
Sales	8,433,000	8,098,000	7,990,891	(107,109)
Gaming receipts	7,549,500	8,077,738	7,577,758	(499,980)
Cigarette	475,000	475,000	471,555	(3,445)
Institutional	15,000	15,000	17,874	2,874
Total taxes	28,452,800	28,646,038	28,112,930	(533,108)
Federal, state and county grants	33,500	33,500	58,212	24,712
Licenses, permits, fines and fees:				
Occupation licenses	467,900	467,900	508,639	40,739
Police court fines and fees	1,106,700	1,106,700	1,016,166	(90,534)
Liquor licenses	71,000	71,000	74,255	3,255
Building permits	437,500	437,500	969,655	532,155
Life support vehicle fees	580,000	580,000	565,334	(14,666)
Fireworks licenses	60,000	60,000	76,000	16,000
Rental inspection program	67,000	67,000	86,080	19,080
Other	145,885	145,885	149,666	3,781
Total licenses, permits, fines and fees	2,935,985	2,935,985	3,445,795	509,810
Interest on investments	727,000	727,000	686,050	(40,950)
Other	290,917	292,042	396,016	103,974
Total Revenues	32,440,202	32,634,565	32,699,003	64,438
Expenditures	(32,975,939)	(34,008,252)	(31,644,983)	2,363,269
Revenues Over (Under) Expenditures				
Before Other Financing				
Sources (Uses)	(535,737)	(1,373,687)	1,054,020	2,427,707
Other Financing Sources (Uses)				
Transfers in	380,000	380,000	380,000	—
Transfers out	(50,000)	—	—	—
Proceeds from sale of fixed assets	—	—	579	579
Total Other Financing				
Sources (Uses)	330,000	380,000	380,579	579
Net Change In Fund Balances	(205,737)	(993,687)	1,434,599	2,428,286
Fund Balance:				
Beginning of year	8,385,897	8,385,897	8,385,897	—
End of year	\$ 8,180,160	\$ 7,392,210	\$ 9,820,496	\$ 2,428,286

CITY OF SAINT CHARLES, MISSOURI

BUDGETARY COMPARISON INFORMATION SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL GENERAL FUND

For The Year Ended December 31, 2005

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original Budget	Revised Final Budget		
General Government:				
Mayor's Office:				
Personal services	\$ 124,305	\$ 125,959	\$ 125,956	\$ 3
Contractual services	17,900	37,141	34,629	2,512
Materials and supplies	17,500	3,505	5,388	1,117
Capital outlay	800	2,500	—	2,500
	160,505	172,105	165,973	6,132
City Council:				
Personal services	118,401	133,436	115,994	17,442
Contractual services	126,488	153,192	100,888	52,304
Materials and supplies	125,494	138,008	78,318	59,690
Capital outlay	—	10,000	—	10,000
	370,383	434,636	295,200	139,436
Administration:				
Personal services	536,394	579,494	572,670	6,824
Contractual services	30,900	81,866	32,120	49,746
Materials and supplies	254,596	370,546	319,081	51,465
Capital outlay	400	400	—	400
	822,290	1,032,306	923,871	108,435
Human Resources:				
Personal services	329,484	304,484	234,084	70,400
Contractual services	33,760	59,420	26,251	33,169
Materials and supplies	33,367	51,876	28,813	23,063
Capital outlay	—	2,248	2,248	—
	396,611	418,028	291,396	126,632
Finance:				
Personal services	1,187,145	1,187,145	1,159,880	27,265
Contractual services	171,785	221,972	109,285	112,687
Materials and supplies	31,325	37,082	28,598	8,484
Capital outlay	—	2,400	710	1,690
	1,390,255	1,448,599	1,298,473	150,126
City Development:				
Personal services	771,160	771,160	742,746	28,414
Contractual services	51,000	117,091	74,896	42,195
Materials and supplies	22,800	28,790	23,329	5,461
Capital outlay	200,000	212,300	1,765	210,535
	1,044,960	1,129,341	842,736	286,605
City Counselor:				
Personal services	260,254	260,254	260,413	(159)
Contractual services	125,900	210,094	127,772	82,322
Materials and supplies	24,490	27,770	21,015	6,755
Capital outlay	250	500	—	500
	410,894	498,618	409,200	89,418
City Clerk:				
Personal services	362,494	334,414	277,059	57,355
Contractual services	124,155	149,991	138,320	11,671
Materials and supplies	138,235	147,785	132,468	15,317
	624,884	632,190	547,847	84,343
Municipal Court:				
Personal services	368,595	386,595	376,647	9,948
Contractual services	35,000	35,900	30,632	5,268
Materials and supplies	33,000	38,900	33,465	5,435
	436,595	461,395	440,744	20,651
Cemetery:				
Personal services	141,242	140,965	141,097	(132)
Contractual services	12,830	14,977	10,745	4,232
Materials and supplies	13,270	14,562	12,851	1,711
Capital outlay	21,480	22,842	17,838	5,004
	188,822	193,346	182,531	10,815
Economic Development				
Personal services	198,786	198,786	183,383	15,403
Contractual services	76,350	79,510	62,753	16,757
Materials and supplies	43,682	57,907	52,101	5,806
Capital outlay	—	29,656	—	29,656
	318,818	365,859	298,237	67,622
Total General Government	\$ 6,165,017	\$ 6,786,423	\$ 5,696,208	\$ 1,090,215

(Continued)

CITY OF SAINT CHARLES, MISSOURI

BUDGETARY COMPARISON INFORMATION SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL GENERAL FUND

For The Year Ended December 31, 2005

	Budgeted Amounts			Variance With
	Original	Revised		Final Budget -
	Budget	Final	Actual	Positive
		Budget		(Negative)
Public Safety:				
Police Department:				
Personal services	\$ 13,648,346	\$ 13,621,993	\$ 13,531,114	\$ 90,879
Contractual services	1,128,433	1,341,304	1,129,382	211,922
Materials and supplies	697,190	682,630	539,031	143,599
Capital outlay	10,150	184,804	17,526	167,278
	15,484,119	15,830,731	15,217,053	613,678
Code Enforcement:				
Personal services	887,444	887,444	865,840	21,604
Contractual services	154,125	94,563	64,896	29,667
Materials and supplies	40,200	44,183	32,218	11,965
Capital outlay	—	3,955	3,151	804
	1,081,769	1,030,145	966,105	64,040
Fire Department:				
Personal services	8,467,252	8,467,252	8,433,513	33,739
Contractual services	463,009	462,856	361,460	101,396
Materials and supplies	228,738	252,571	216,871	35,700
Capital outlay	—	42,997	14,143	28,854
	9,158,999	9,225,676	9,025,987	199,689
Total Public Safety	25,724,887	26,086,552	25,209,145	877,407
Public Works				
Building Maintenance:				
Personal services	361,716	365,361	360,657	4,704
Contractual services	224,791	267,937	233,341	34,596
Materials and supplies	149,528	150,309	144,157	6,152
Capital outlay	350,000	351,670	1,475	350,195
	1,086,035	1,135,277	739,630	395,647
Total Public Works	1,086,035	1,135,277	739,630	395,647
Total Expenditures	\$ 32,975,939	\$ 34,008,252	\$ 31,644,983	\$ 2,363,269

CITY OF SAINT CHARLES, MISSOURI

NOTES TO BUDGETARY COMPARISON INFORMATION

December 31, 2005

Budgetary Data

The City Council follows the procedures outlined below in establishing the budgetary data reflected in the general purpose financial statements:

1. On or before October 1, the Mayor submits to the City Council a proposed operating budget for the general, special revenue, debt service and capital projects funds for the year commencing the following January 1. The City Council also adopts, as a management control device only, a budget for all remaining funds.
2. The City Council publishes a public notice on the availability of copies of the budget. Not less than two weeks after such notice, a public hearing is conducted by the City Council giving the taxpayers the opportunity to be heard on the proposed budget.
3. The annual operating budgets are then adopted by the City Council by the affirmative vote of a majority of the members of the City Council and approval by the Mayor on or before the last day preceding the budget year. If the budgets have not been passed and approved by this time, then the budgets and appropriations for the current year shall be deemed to be rebudgeted and reappropriated for the budget year until a new budget is adopted and approved.
4. Upon the request of the City's department heads, the Mayor may transfer part, or all, of any unencumbered appropriated balance among programs within a department, office, or agency. Upon written request by the Mayor, the City Council may, by ordinance, transfer part or all of any unencumbered appropriated balance from one department, office, or agency to another. The amount of such transfers during the year was not significant. Expenditures may not legally exceed appropriations at the department level in the general fund or at the fund level for all other fund types as they are not departmentalized.
5. If it is determined by the Mayor that there are revenues in excess of those estimated in the budget that are available for appropriation, the City Council may, by ordinance, make supplemental appropriations for the year up to the amount of such excess.
6. If it appears probable that revenues available will be insufficient to meet the amount appropriated, the City Council may, by ordinance, reduce one or more appropriations.
7. Unencumbered appropriations lapse at year end.
8. The major differences between the budget and GAAP basis of accounting are:
 - a. Revenues are recorded when received in cash (budget) as opposed to when they are measurable and available (GAAP).
 - b. Expenditures are recorded when paid (budget) as opposed to when the obligation is incurred (GAAP).

CITY OF SAINT CHARLES, MISSOURI

Notes To Budgetary Comparison Information (*Continued*)

- c. Activity of the Public Facilities Authority is recorded on a GAAP basis but not on a budget basis.
- d. Increases in the fair value of the City's investments are recorded as revenue on a GAAP basis but not on a budget basis.

Reconciliation Of GAAP Basis To Budget Basis

The City records transactions using a basis other than GAAP for the purpose of budgetary reporting for governmental fund types.

Adjustments necessary to convert the results of operations and fund balances as of and for the year ended December 31, 2005 on the GAAP basis to the budget basis for the City's major governmental funds are as follows:

	General Fund	Convention Facilities Fund	Neighborhood Improvement Debt Service Fund
Fund Balances:			
GAAP basis	\$ 14,402,325	\$ 1,568,501	\$ 530,069
Increase (decrease) due to:			
Receivables, net	(5,893,785)	(5,124)	—
Accounts payable	247,640	180,031	—
Accrued payroll, vacation and sick leave pay	344,715	—	—
Deferred revenue	366,488	—	—
Unbudgeted activity	353,113	—	—
Budget basis	\$ 9,820,496	\$ 1,743,408	\$ 530,069
Net Change In Fund Balances			
GAAP basis	\$ 2,049,932	\$ (8,603,983)	\$ 523,131
Increase (decrease) due to:			
Revenue accruals	(668,309)	69,304	—
Expenditure accruals	66,273	(2,938,171)	—
Deferred revenue	98,634	—	—
Unbudgeted activity	(111,931)	—	—
Budget basis	\$ 1,434,599	\$ (11,472,850)	\$ 523,131

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Other Supplementary Information

**Combining And Individual Fund
Financial Statements And Schedules**

Combining Statements Nonmajor Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. The special revenue funds maintained by the City are as follows:

Street Maintenance And Improvement Fund - Used to account for sales, gasoline and County road and bridge tax revenues, restricted entirely for maintenance and improvements of City roads and bridges.

Special Assessment Fund - Used to account for revenues generated from special tax bills.

Community Development Fund - Used to account for state and federal grant revenues and related expenditures.

Redevelopment Fund - Used to account for revenues generated from gaming dedicated to fund economic development/redevelopment projects.

Tax Increment Financing (TIF) Districts Fund - Used to account for the City's tax increment financing districts.

Convention Center Operations Fund - Used to account for the operations of the Convention Center, including debt service.

Sewer Lateral Program Fund - Used to account for the revenue generated by a fee charged to certain property owners within the City, which is used to pay for the repair of damaged sewer lateral lines.

Metropolitan Parks Tax Fund - Used to account for the City's portion of revenue received for the Metropolitan Park and Recreation District Sales Tax.

Park Fund - Used to account for the revenues and related expenditures of the City's public parks.

Tourism Fund - Used to account for the City's 1% Tourism license tax. These funds are utilized to promote tourism, convention and other related activities in the City.

Special Business District Fund - Used to accumulate the Special Business District property tax levied on Main Street properties.

Cable Television Fund - Used to account for revenues generated from cable television franchise fees, restricted by ordinance for maintenance of a cable television channel.

Beautification Fund - Used to account for funds to be utilized for various beautification projects throughout the City.

Stormwater Fund - Used to account for the use of gaming funds dedicated to help finance the stormwater projects.

Combining Statements Nonmajor Governmental Funds

Debt Service Funds

General Obligation Debt Service Fund - The debt service fund is used to account for the accumulation of resources for, and the payment of, certain general long-term debt principal, interest and related costs. This fund accounts for all General Obligation Bonds of the City.

Capital Projects Funds

Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital items (other than those financed by proprietary and fiduciary fund types). The capital projects funds maintained by the City are as follows:

Capital Improvement Fund - Used to account for the utilization of the one-half cent capital improvement sales tax and a portion of the City's general sales tax. Capital projects primarily for general government purposes are funded herein.

Special Street Construction Fund – Used to account for the construction expenditures for projects which are funded by federal, state, and county grants.

Street Construction Fund - Used to account for the use of gaming funds dedicated to new street construction and reconstruction of existing roadways including related curb and gutter work and design engineering services. These funds can also be utilized for street lighting and traffic signalization.

Major Facilities Fund - Used to account for the use of gaming funds dedicated to enhancing or expanding existing City facilities or new construction.

Neighborhood Improvement District Fund – Used to account for the use of bond proceeds for infrastructure projects in New Town Development.

Permanent Fund

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used.

Cemetery Trust Fund - Used to account for the revenues and related expenses of the City's cemetery.

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CITY OF SAINT CHARLES, MISSOURI

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS December 31, 2005

	Combined Nonmajor Special Revenue Funds	General Obligation Debt Service Fund	Combined Nonmajor Capital Projects Funds	Permanent Fund	Total Nonmajor Governmental Funds
Assets					
Cash and investments:					
Held by trustees	\$ 4,344,837	\$ —	\$ 146,055	\$ —	\$ 4,490,892
Restricted	—	—	—	400,948	400,948
Unrestricted	14,413,834	1,119,550	21,890,331	—	37,423,715
Receivables, net of allowances:					
Taxes	2,449,006	882,635	987,211	—	4,318,852
Notes	2,379,984	—	—	—	2,379,984
Grants	94,650	—	2,805,998	—	2,900,648
Interest	14,829	—	22	—	14,851
Other	399,304	—	—	—	399,304
Due from other funds	—	—	130,000	—	130,000
Advance to other fund	—	—	215,000	—	215,000
Total Assets	\$ 24,096,444	\$ 2,002,185	\$ 26,174,617	\$ 400,948	\$ 52,674,194
Liabilities And Fund Balances					
Liabilities					
Accounts payable	\$ 735,467	\$ —	\$ 2,988,267	\$ —	\$ 3,723,734
Accrued payroll	87,743	—	—	—	87,743
Deferred revenue	176,158	102,459	367,831	—	646,448
Due to other funds	—	—	1,491,624	—	1,491,624
Total Liabilities	999,368	102,459	4,847,722	—	5,949,549
Fund Balances					
Reserved for:					
Encumbrances	1,508,236	—	7,098,999	—	8,607,235
Capital projects	—	—	14,012,896	—	14,012,896
Home improvement loans	2,533,295	—	—	—	2,533,295
Debt service	4,537,676	1,899,726	—	—	6,437,402
Future purchase of cemetery land	—	—	—	233,912	233,912
Advances to other funds	—	—	215,000	—	215,000
Unreserved	14,517,869	—	—	167,036	14,684,905
Total Fund Balances	23,097,076	1,899,726	21,326,895	400,948	46,724,645
Total Liabilities And Fund Balances	\$ 24,096,444	\$ 2,002,185	\$ 26,174,617	\$ 400,948	\$ 52,674,194

CITY OF SAINT CHARLES, MISSOURI

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS December 31, 2005

	Street Maintenance And Improvement	Special Assessment	Community Development	Redevelopment	Tax Increment Financing (TIF) Districts	Convention Center Operations
Assets						
Cash and investments:						
Held by trustees	\$ —	\$ —	\$ —	\$ —	\$ 5,205	\$ 3,464,585
Unrestricted	2,426,283	—	130,902	1,545,921	210,242	931,845
Receivables, net of allowances:						
Taxes	373,816	11,328	—	112,382	—	—
Notes	—	—	2,379,984	—	—	—
Grants	—	—	40,424	—	—	—
Interest	—	—	—	—	—	8,585
Other	—	—	—	—	—	—
Total Assets	\$ 2,800,099	\$ 11,328	\$ 2,551,310	\$ 1,658,303	\$ 215,447	\$ 4,405,015
Liabilities And Fund Balances						
Liabilities						
Accounts payable	\$ 216,108	\$ —	\$ 17,367	\$ 12,500	\$ —	\$ 242,938
Accrued payroll	44,126	—	648	—	—	—
Deferred revenue	—	11,328	—	—	—	—
Total Liabilities	260,234	11,328	18,015	12,500	—	242,938
Fund Balances						
Reserved for:						
Encumbrances	415,675	—	265	29,587	—	2,800
Home improvement loans	—	—	2,533,295	—	—	—
Debt service	—	—	—	—	183,216	3,473,170
Unreserved	2,124,190	—	(265)	1,616,216	32,231	686,107
Total Fund Balances	2,539,865	—	2,533,295	1,645,803	215,447	4,162,077
Total Liabilities And Fund Balances	\$ 2,800,099	\$ 11,328	\$ 2,551,310	\$ 1,658,303	\$ 215,447	\$ 4,405,015

Sewer Lateral Program	Metropolitan Parks Tax	Park	Tourism	Special Business District	Cable Television	Beautification	Stormwater	Total
\$ — 466,788	\$ — 703,375	\$ — 2,764,889	\$ — 956,631	\$ — 79,907	\$ — 709,572	\$ — 99,977	\$ 875,047 3,387,502	\$ 4,344,837 14,413,834
—	34,843	1,350,699	187,740	14,334	115,963	—	247,901	2,449,006
—	—	—	—	—	—	—	—	2,379,984
—	—	—	54,226	—	—	—	—	94,650
—	—	—	—	—	—	—	6,244	14,829
399,304	—	—	—	—	—	—	—	399,304
\$ 866,092	\$ 738,218	\$ 4,115,588	\$ 1,198,597	\$ 94,241	\$ 825,535	\$ 99,977	\$ 4,516,694	\$ 24,096,444
\$ 3,961 953	\$ — —	\$ 62,715 32,038	\$ 124,324 7,013	\$ — —	\$ 1,650 2,783	\$ 1,403 182	\$ 52,501 —	\$ 735,467 87,743
—	—	164,830	—	—	—	—	—	176,158
4,914	—	259,583	131,337	—	4,433	1,585	52,501	999,368
2,132	1,780	175,361	80,754	19,986	285,524	5,080	489,292	1,508,236
—	—	—	—	—	—	—	—	2,533,295
—	—	—	—	—	—	—	881,290	4,537,676
859,046	736,438	3,680,644	986,506	74,255	535,578	93,312	3,093,611	14,517,869
861,178	738,218	3,856,005	1,067,260	94,241	821,102	98,392	4,464,193	23,097,076
\$ 866,092	\$ 738,218	\$ 4,115,588	\$ 1,198,597	\$ 94,241	\$ 825,535	\$ 99,977	\$ 4,516,694	\$ 24,096,444

CITY OF SAINT CHARLES, MISSOURI

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS December 31, 2005

	Capital Improvement	Special Street Construction	Street Construction	Major Facilities	Neighborhood Improvement District	Total
Assets						
Cash And Investments:						
Held by trustees	\$ 4,280	\$ —	\$ —	\$ 141,775	\$ —	\$ 146,055
Unrestricted	5,580,719	—	6,555,440	1,848,935	7,905,237	21,890,331
Receivables, net of allowances:						
Taxes	449,156	—	399,010	139,045	—	987,211
Grants	11,874	2,794,124	—	—	—	2,805,998
Interest	—	—	—	22	—	22
Due from other fund	130,000	—	—	—	—	130,000
Advance to other fund	215,000	—	—	—	—	215,000
Total Assets	\$ 6,391,029	\$ 2,794,124	\$ 6,954,450	\$ 2,129,777	\$ 7,905,237	\$ 26,174,617
Liabilities And Fund Balances						
Liabilities						
Accounts payable	\$ 1,008,357	\$ 943,957	\$ 986,828	\$ 49,125	\$ —	\$ 2,988,267
Deferred revenue	9,288	358,543	—	—	—	367,831
Due to other funds	—	1,491,624	—	—	—	1,491,624
Total Liabilities	1,017,645	2,794,124	986,828	49,125	—	4,847,722
Fund Balances						
Reserved for:						
Encumbrances	2,000,380	2,433,710	2,527,796	137,113	—	7,098,999
Capital projects	3,158,004	(2,433,710)	3,439,826	1,943,539	7,905,237	14,012,896
Advance to other fund	215,000	—	—	—	—	215,000
Total Fund Balances	5,373,384	—	5,967,622	2,080,652	7,905,237	21,326,895
Total Liabilities And Fund Balances	\$ 6,391,029	\$ 2,794,124	\$ 6,954,450	\$ 2,129,777	\$ 7,905,237	\$ 26,174,617

CITY OF SAINT CHARLES, MISSOURI

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS For The Year Ended December 31, 2005

	Combined Nonmajor Special Revenue Funds	General Obligation Debt Service Fund	Combined Nonmajor Capital Projects Funds	Permanent Fund	Total Nonmajor Governmental Funds
Revenues					
Taxes, including interest and penalties:					
Property	\$ 4,935,971	\$ 1,706,155	\$ —	\$ —	\$ 6,642,126
Utility	38,882	—	—	—	38,882
Tourism	1,898,118	—	—	—	1,898,118
Sales	3,153,961	—	4,885,347	—	8,039,308
Gasoline and motor fuel	2,480,639	—	—	—	2,480,639
Gaming receipts	2,309,582	—	6,327,881	—	8,637,463
County road and bridge	1,038,974	—	—	—	1,038,974
Cable television	448,867	—	—	—	448,867
Total Taxes	16,304,994	1,706,155	11,213,228	—	29,224,377
Federal, state and county grants	653,993	—	4,884,794	—	5,538,787
Intergovernmental revenue from St. Charles					
County Convention and Sports Authority	1,240,478	—	—	—	1,240,478
Licenses, permits, fines and fees	2,508,034	—	—	—	2,508,034
Interest on investments	203,310	11,715	49,814	8,044	272,883
Other	323,351	—	—	15,425	338,776
Total Revenues	21,234,160	1,717,870	16,147,836	23,469	39,123,335
Expenditures					
Current:					
General government	6,008,821	—	—	—	6,008,821
Public improvements	4,071,670	—	—	—	4,071,670
Public parks	3,102,441	—	—	—	3,102,441
Public services	146,196	—	—	—	146,196
Convention Center	901,031	—	—	—	901,031
Capital outlay	2,075,959	—	16,137,883	—	18,213,842
Debt service:					
Principal retirement	2,313,000	725,000	1,300,000	—	4,338,000
Interest and fiscal charges	2,436,248	726,087	243,773	—	3,406,108
Bond issue costs	47,500	—	—	—	47,500
Total Expenditures	21,102,866	1,451,087	17,681,656	—	40,235,609
Revenues Over (Under) Expenditures	131,294	266,783	(1,533,820)	23,469	(1,112,274)
Other Financing Sources (Uses)					
Transfers in	1,140,725	—	—	—	1,140,725
Transfers out	(154,000)	—	(28,619)	—	(182,619)
Neighborhood improvement district bonds issued	—	—	7,558,000	—	7,558,000
Refunding tax increment financing notes issued	14,590,000	—	—	—	14,590,000
Delivery to trustee of refunded tax increment financing notes	(14,590,000)	—	—	—	(14,590,000)
Proceeds from sale of capital assets	25,601	—	59,075	—	84,676
Total Other Financing Sources (Uses)	1,012,326	—	7,588,456	—	8,600,782
Net Change In Fund Balances	1,143,620	266,783	6,054,636	23,469	7,488,508
Fund Balance					
Beginning of year	21,676,358	1,632,943	15,272,259	377,479	38,959,039
Prior period adjustment	277,098	—	—	—	277,098
Beginning balance as restated	21,953,456	1,632,943	15,272,259	377,479	39,236,137
End of year	\$ 23,097,076	\$ 1,899,726	\$ 21,326,895	\$ 400,948	\$ 46,724,645

CITY OF SAINT CHARLES, MISSOURI

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS For The Year Ended December 31, 2005

	Street Maintenance And Improvement	Community Development	Redevelopment	Tax Increment Financing (TIF) Districts	Convention Center Operations
Revenues					
Taxes, including interest and penalties:					
Property	\$ —	\$ —	\$ —	\$ 2,287,094	\$ —
Utility	—	—	—	38,882	—
Tourism	—	—	—	—	54,769
Sales	2,027,149	—	—	856,985	41,662
Gasoline and motor fuel	2,480,639	—	—	—	—
Gaming receipts	—	—	24,879	—	—
County road and bridge	1,038,974	—	—	—	—
Cable television	—	—	—	—	—
Total Taxes	5,546,762	—	24,879	3,182,961	96,431
Federal, state and county grants	—	473,770	—	—	—
Intergovernmental revenue from St. Charles Convention and Sports Authority	—	—	—	—	1,240,478
Licenses, permits, fines and fees	100,783	—	—	—	—
Interest on investments	—	173	—	9,000	104,413
Other	223,011	7,400	—	—	—
Total Revenues	5,870,556	481,343	24,879	3,191,961	1,441,322
Expenditures					
Current:					
General government	1,290,267	83,008	186,222	529,654	—
Public improvements	4,049,090	—	—	—	—
Public parks	—	—	—	—	—
Public services	—	146,196	—	—	—
Convention Center	—	—	—	—	901,031
Capital outlay	687,916	40,000	173,371	—	—
Debt service:					
Principal retirement	—	—	—	1,873,000	—
Bond issue costs	—	—	—	47,500	—
Interest and fiscal charges	—	—	—	553,083	1,486,878
Total Expenditures	6,027,273	269,204	359,593	3,003,237	2,387,909
Revenues Over (Under)					
Expenditures	(156,717)	212,139	(334,714)	188,724	(946,587)
Other Financing Sources (Uses)					
Transfers in	—	—	—	—	996,725
Transfers out	(10,000)	—	—	—	(144,000)
Refunding tax increment financing notes issued	—	—	—	14,590,000	—
Delivery to trustee of refunded tax increment financing notes	—	—	—	(14,590,000)	—
Proceeds from sale of capital assets	—	—	—	—	—
Total Other Financing Sources (Uses)	(10,000)	—	—	—	852,725
Net Change In Fund Balances	(166,717)	212,139	(334,714)	188,724	(93,862)
Fund Balance					
Beginning of year	2,547,477	2,321,156	1,980,517	26,723	4,255,939
Prior period adjustment	159,105	—	—	—	—
Beginning balance as restated	2,706,582	2,321,156	1,980,517	26,723	4,255,939
End of year	\$ 2,539,865	\$ 2,533,295	\$ 1,645,803	\$ 215,447	\$ 4,162,077

Sewer Lateral Program	Metropolitan Park Tax	Park	Tourism	Special Business District	Cable Television	Beautification	Stormwater	Total
\$ —	\$ —	\$ 2,613,778	\$ —	\$ 35,099	\$ —	\$ —	\$ —	\$ 4,935,971
—	—	—	—	—	—	—	—	38,882
—	—	—	1,843,349	—	—	—	—	1,898,118
—	228,165	—	—	—	—	—	—	3,153,961
—	—	—	—	—	—	—	—	2,480,639
—	—	—	—	—	—	—	2,284,703	2,309,582
—	—	—	—	—	—	—	—	1,038,974
—	—	—	—	—	448,867	—	—	448,867
—	228,165	2,613,778	1,843,349	35,099	448,867	—	2,284,703	16,304,994
—	—	—	180,223	—	—	—	—	653,993
—	—	—	—	—	—	—	—	1,240,478
449,716	—	1,939,616	—	17,919	—	—	—	2,508,034
12,029	—	56,636	—	—	—	—	21,059	203,310
—	—	30,686	62,254	—	—	—	—	323,351
461,745	228,165	4,640,716	2,085,826	53,018	448,867	—	2,305,762	21,234,160
411,131	—	856,550	2,212,174	29,884	317,008	—	92,923	6,008,821
—	—	—	—	—	—	22,580	—	4,071,670
—	—	3,102,441	—	—	—	—	—	3,102,441
—	—	—	—	—	—	—	—	146,196
—	—	—	—	—	—	—	—	901,031
—	67,539	597,650	68,965	36	14,658	23,220	402,604	2,075,959
—	—	—	—	—	—	—	440,000	2,313,000
—	—	—	—	—	—	—	—	47,500
—	—	—	—	—	—	—	396,287	2,436,248
411,131	67,539	4,556,641	2,281,139	29,920	331,666	45,800	1,331,814	21,102,866
50,614	160,626	84,075	(195,313)	23,098	117,201	(45,800)	973,948	131,294
—	—	—	144,000	—	—	—	—	1,140,725
—	—	—	—	—	—	—	—	(154,000)
—	—	—	—	—	—	—	—	14,590,000
—	—	—	—	—	—	—	—	(14,590,000)
—	—	25,601	—	—	—	—	—	25,601
—	—	25,601	144,000	—	—	—	—	1,012,326
50,614	160,626	109,676	(51,313)	23,098	117,201	(45,800)	973,948	1,143,620
808,668	577,592	3,667,984	1,088,630	71,143	696,092	144,192	3,490,245	21,676,358
1,896	—	78,345	29,943	—	7,809	—	—	277,098
810,564	577,592	3,746,329	1,118,573	71,143	703,901	144,192	3,490,245	21,953,456
\$ 861,178	\$ 738,218	\$ 3,856,005	\$ 1,067,260	\$ 94,241	\$ 821,102	\$ 98,392	\$ 4,464,193	\$ 23,097,076

CITY OF SAINT CHARLES, MISSOURI

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR CAPITAL PROJECTS FUNDS For The Year Ended December 31, 2005

	Capital Improvement	Special Street Construction	Street Construction	Major Facilities	Neighborhood Improvement District	Total
Revenues						
Sales taxes	\$ 4,885,347	\$ —	\$ —	\$ —	\$ —	\$ 4,885,347
Gaming taxes	—	—	4,969,238	1,358,643	—	6,327,881
Federal, state and county grants	903	4,883,891	—	—	—	4,884,794
Interest on investments	—	—	—	2,577	47,237	49,814
Total Revenues	4,886,250	4,883,891	4,969,238	1,361,220	47,237	16,147,836
Expenditures						
Capital Outlay:						
Administrative	257,954	—	—	507,940	250,000	1,015,894
Street improvements	5,068,485	4,883,891	3,314,353	—	900,000	14,166,729
Fire department	776,265	—	—	—	—	776,265
Police department	103,398	—	—	—	—	103,398
Public parks	—	—	—	75,597	—	75,597
Total Capital Outlay	6,206,102	4,883,891	3,314,353	583,537	1,150,000	16,137,883
Debt Service:						
Principal retirement	215,000	—	1,015,000	70,000	—	1,300,000
Interest and fiscal charges	17,201	—	78,111	148,461	—	243,773
Total Expenditures	6,438,303	4,883,891	4,407,464	801,998	1,150,000	17,681,656
Revenues Over (Under) Expenditures	(1,552,053)	—	561,774	559,222	(1,102,763)	(1,533,820)
Other Financing Sources (Uses)						
Transfers out	—	—	—	—	(28,619)	(28,619)
Neighborhood Improvement District bonds issued	—	—	—	—	7,558,000	7,558,000
Proceeds from sale of capital assets	59,075	—	—	—	—	59,075
Total Other Financing Sources (Uses)	59,075	—	—	—	7,529,381	7,588,456
Net Change In Fund Balances	(1,492,978)	—	561,774	559,222	6,426,618	6,054,636
Fund Balances						
Beginning of year	6,866,362	—	5,405,848	1,521,430	1,478,619	15,272,259
End of year	\$ 5,373,384	\$ —	\$ 5,967,622	\$ 2,080,652	\$ 7,905,237	\$ 21,326,895

**Individual Fund Schedules of Revenues,
Expenditures and Changes in
Fund Balances - Budget
(Non-GAAP Basis) and Actual**

CITY OF SAINT CHARLES, MISSOURI

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL STREET MAINTENANCE AND IMPROVEMENT FUND For The Year Ended December 31, 2005

	Revised Final Budget	Actual	Variance With Final Budget - Positive (Negative)
Revenues			
Taxes, including interest and penalties:			
Sales	\$ 2,107,000	\$ 1,994,307	\$ (112,693)
Gasoline and motor fuel	2,578,000	2,494,637	(83,363)
County road and bridge	1,046,000	1,038,974	(7,026)
Total Taxes	5,731,000	5,527,918	(203,082)
Federal, state and county grants	273,875	—	(273,875)
Licenses, permits, fines and fees	35,200	100,783	65,583
Other	189,675	223,011	33,336
Total Revenues	6,229,750	5,851,712	(378,038)
Expenditures			
Current:			
General government	1,336,092	1,288,865	47,227
Public improvements	4,752,138	4,078,656	673,482
Capital outlay	1,561,217	794,922	766,295
Total Expenditures	7,649,447	6,162,443	1,487,004
Revenues Over (Under) Expenditures	(1,419,697)	(310,731)	1,108,966
Other Financing Uses			
Operating transfers out	(10,000)	(10,000)	—
Net Change In Fund Balances	(1,429,697)	(320,731)	1,108,966
Fund Balances			
Beginning of year	2,747,014	2,747,014	—
End of year	\$ 1,317,317	\$ 2,426,283	\$ 1,108,966

CITY OF SAINT CHARLES, MISSOURI

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL COMMUNITY DEVELOPMENT FUND For The Year Ended December 31, 2005

	Revised Final Budget	Actual	Variance With Final Budget - Positive (Negative)
Revenues			
Federal, state and county grants	\$ 750,287	\$ 446,399	\$ (303,888)
Interest on investments	156	173	17
Other	11,000	128,229	117,229
Total Revenues	761,443	574,801	(186,642)
Expenditures			
Current:			
General government	88,620	82,583	6,037
Public improvements	340,442	337,159	3,283
Public services	231,368	166,505	64,863
Capital outlay	116,357	40,000	76,357
Total Expenditures	776,787	626,247	150,540
Revenues Under Expenditures	(15,344)	(51,446)	(36,102)
Fund Balances			
Beginning of year	182,348	182,348	—
End of year	\$ 167,004	\$ 130,902	\$ (36,102)

CITY OF SAINT CHARLES, MISSOURI

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL REDEVELOPMENT FUND For The Year Ended December 31, 2005

	Revised Final Budget	Actual	Variance With Final Budget - Positive (Negative)
Revenues	\$ —	\$ —	\$ —
Expenditures			
Current:			
General government	741,359	186,222	555,137
Capital outlay	1,129,755	160,871	968,884
Total Expenditures	1,871,114	347,093	1,524,021
Revenues Over (Under) Expenditures	(1,871,114)	(347,093)	1,524,021
Fund Balances			
Beginning of year	1,893,014	1,893,014	—
End of year	\$ 21,900	\$ 1,545,921	\$ 1,524,021

CITY OF SAINT CHARLES, MISSOURI

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL TAX INCREMENT FINANCING (TIF) DISTRICTS FUND For The Year Ended December 31, 2005

	Revised Final Budget	Actual	Variance With Final Budget - Positive (Negative)
Revenues			
Taxes, including interest and penalties:			
Property	\$ 1,818,721	\$ 2,287,094	\$ 468,373
Utility	23,000	38,882	15,882
Sales	1,200,000	856,985	(343,015)
Total Taxes	3,041,721	3,182,961	141,240
Interest	—	9,000	9,000
Total Revenues	3,041,721	3,191,961	150,240
Expenditures			
Current:			
General government	409,167	529,654	(120,487)
Debt service:			
Principal retirement	1,785,000	1,873,000	(88,000)
Issue costs	—	47,500	
Interest and fiscal charges	838,650	553,083	285,567
Total Expenditures	3,032,817	3,003,237	29,580
Revenues Over Expenditures	8,904	188,724	179,820
Fund Balances			
Beginning of year	26,723	26,723	—
End of year	\$ 35,627	\$ 215,447	\$ 179,820

CITY OF SAINT CHARLES, MISSOURI

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL CONVENTION CENTER OPERATIONS FUND For The Year Ended December 31, 2005

	Revised Final Budget	Actual	Variance With Final Budget - Positive (Negative)
Revenues			
Taxes, including interest and penalties:			
Sales	\$ 44,000	\$ 41,662	\$ (2,338)
Interest on investments	66,000	146,639	80,639
Other	245,000	—	(245,000)
Tourism	29,000	54,769	25,769
Intergovernmental revenue from SCCC & SFA	1,402,000	1,240,478	(161,522)
Total Revenues	1,786,000	1,483,548	(302,452)
Expenditures			
Current:			
Convention center	1,522,750	748,930	773,820
Debt service:			
Interest and fiscal charges	1,484,892	1,486,878	(1,986)
Total Expenditures	3,007,642	2,235,808	771,834
Revenues Over (Under) Expenditures	(1,221,642)	(752,260)	469,382
Other Financing Sources (Uses)			
Transfers in	—	996,725	996,725
Transfers out	(144,000)	(144,000)	—
Total Other Financing Sources (Uses)	(144,000)	852,725	996,725
Net Change In Fund Balances	(1,365,642)	100,465	1,466,107
Fund Balances			
Beginning of year	4,295,965	4,295,965	—
End of year	\$ 2,930,323	\$ 4,396,430	\$ 1,466,107

CITY OF SAINT CHARLES, MISSOURI

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL SEWER LATERAL PROGRAM FUND For The Year Ended December 31, 2005

	Revised Final Budget	Actual	Variance With Final Budget - Positive (Negative)
Revenues			
Interest on investments	\$ —	\$ 12,029	\$ 12,029
Sewer Lateral fee	406,000	445,976	39,976
Total Revenues	406,000	458,005	52,005
Expenditures			
Current:			
General government	521,954	423,713	98,241
Revenues Over (Under) Expenditures	(115,954)	34,292	150,246
Fund Balances			
Beginning of year	432,496	432,496	—
End of year	\$ 316,542	\$ 466,788	\$ 150,246

CITY OF SAINT CHARLES, MISSOURI

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL METROPOLITAN PARKS TAX FUND For The Year Ended December 31, 2005

	Revised Final Budget	Actual	Variance With Final Budget - Positive (Negative)
Revenues			
Taxes, including interest and penalties:			
Sales	\$ 210,000	\$ 224,036	\$ 14,036
Expenditures			
Capital outlay	741,266	68,939	672,327
Revenues Over (Under) Expenditures	(531,266)	155,097	686,363
Fund Balances			
Beginning of year	548,278	548,278	—
End of year	\$ 17,012	\$ 703,375	\$ 686,363

CITY OF SAINT CHARLES, MISSOURI

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL PARK FUND

For The Year Ended December 31, 2005

	Revised Final Budget	Actual	Variance With Final Budget - Positive (Negative)
Revenues			
Taxes, including interest and penalties:			
Property	\$ 2,524,500	\$ 2,599,480	\$ 74,980
Federal, state and county grants	9,945	—	(9,945)
Licenses, permits, fines and fees	2,099,966	1,939,516	(160,450)
Interest on investments	21,600	56,636	35,036
Other	30,690	30,686	(4)
Total Revenues	4,686,701	4,626,318	(60,383)
Expenditures			
Current:			
General government	1,004,892	878,074	126,818
Public parks	3,312,772	3,105,696	207,076
Capital outlay	1,179,308	607,411	571,897
Total Expenditures	5,496,972	4,591,181	905,791
Revenues Over (Under) Expenditures	(810,271)	35,137	845,408
Other Financing Sources			
Proceeds from sale of capital assets	—	25,601	25,601
Net Change In Fund Balances	(810,271)	60,738	871,009
Fund Balances			
Beginning of year	2,704,151	2,704,151	—
End of year	\$ 1,893,880	\$ 2,764,889	\$ 871,009

CITY OF SAINT CHARLES, MISSOURI

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL TOURISM FUND

For The Year Ended December 31, 2005

	Revised Final Budget	Actual	Variance With Final Budget - Positive (Negative)
Revenues			
Taxes, including interest and penalties:			
Tourism	\$ 1,671,500	\$ 1,675,380	\$ 3,880
Hotel	156,000	154,410	(1,590)
Total Taxes	1,827,500	1,829,790	2,290
Federal, state and county grants	365,507	143,900	(221,607)
Other	56,800	62,254	5,454
Total Revenues	2,249,807	2,035,944	(213,863)
Expenditures			
Current:			
General government	2,842,242	2,152,874	689,368
Capital outlay	123,176	80,548	42,628
Total Expenditures	2,965,418	2,233,422	731,996
Revenues Over (Under) Expenditures	(715,611)	(197,478)	518,133
Other Financing Sources			
Operating transfers in	144,000	144,000	—
Net Change In Fund Balances	(571,611)	(53,478)	518,133
Fund Balances			
Beginning of year	1,010,109	1,010,109	—
End of year	\$ 438,498	\$ 956,631	\$ 518,133

CITY OF SAINT CHARLES, MISSOURI

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL SPECIAL BUSINESS DISTRICT FUND For The Year Ended December 31, 2005

	Revised Final Budget	Actual	Variance With Final Budget - Positive (Negative)
Revenues			
Taxes, including interest and penalties:			
Property	\$ 31,500	\$ 35,291	\$ 3,791
Licenses, permits, fines and fees	15,000	17,919	2,919
Total Revenues	46,500	53,210	6,710
Expenditures			
Current:			
General government	72,010	48,679	23,331
Capital outlay	121	36	85
Total Expenditures	72,131	48,715	23,416
Revenues Over (Under) Expenditures	(25,631)	4,495	30,126
Fund Balances			
Beginning of year	75,412	75,412	—
End of year	\$ 49,781	\$ 79,907	\$ 30,126

CITY OF SAINT CHARLES, MISSOURI

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL CABLE TELEVISION FUND For The Year Ended December 31, 2005

	Revised Final Budget	Actual	Variance With Final Budget - Positive (Negative)
Revenues			
Taxes, including interest and penalties:			
Cable television	\$ 420,000	\$ 445,126	\$ 25,126
Expenditures			
Current:			
General government	645,703	313,555	332,148
General supplies	7,116	3,966	3,150
Capital outlay	116,038	14,658	101,380
Total Expenditures	768,857	332,179	436,678
Revenues Over (Under) Expenditures	(348,857)	112,947	461,804
Fund Balances			
Beginning of year	596,625	596,625	—
End of year	\$ 247,768	\$ 709,572	\$ 461,804

CITY OF SAINT CHARLES, MISSOURI

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL BEAUTIFICATION FUND

For The Year Ended December 31, 2005

	Revised Final Budget	Actual	Variance With Final Budget - Positive (Negative)
Revenues	\$ —	\$ —	\$ —
Expenditures			
Current:			
Public improvements	48,049	22,713	25,336
Capital outlay	97,861	23,220	74,641
Total Expenditures	145,910	45,933	99,977
Revenues Over (Under) Expenditures	(145,910)	(45,933)	99,977
Fund Balances			
Beginning of year	145,910	145,910	—
End of year	\$ —	\$ 99,977	\$ 99,977

CITY OF SAINT CHARLES, MISSOURI

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL STORMWATER FUND

For The Year Ended December 31, 2005

	Revised Final Budget	Actual	Variance With Final Budget - Positive (Negative)
Revenues			
Taxes, including interest and penalties:			
Gaming	\$ 2,254,564	\$ 2,254,564	\$ —
Expenditures			
Current:			
General government	347,880	97,493	250,387
Capital outlay	3,470,547	357,182	3,113,365
Debt service:			
Principal retirement	440,000	440,000	—
Interest and fiscal charges	405,000	394,859	10,141
Total Expenditures	4,663,427	1,289,534	3,373,893
Revenues Over (Under) Expenditures	(2,408,863)	965,030	3,373,893
Fund Balances			
Beginning of year	2,422,472	2,422,472	—
End of year	\$ 13,609	\$ 3,387,502	\$ 3,373,893

CITY OF SAINT CHARLES, MISSOURI

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL GENERAL OBLIGATION DEBT SERVICE FUND For The Year Ended December 31, 2005

	Revised Final Budget	Actual	Variance With Final Budget - Positive (Negative)
Revenues			
Property taxes, including interest and penalties	\$ 1,478,600	\$ 1,614,885	\$ 136,285
Interest on investments	4,000	11,715	7,715
Total Revenues	1,482,600	1,626,600	144,000
Expenditures			
Principal retirement	725,000	725,000	—
Interest and fiscal charges	736,625	726,087	10,538
Total Expenditures	1,461,625	1,451,087	10,538
Revenues Over Expenditures	20,975	175,513	154,538
Fund Balances			
Beginning of year	944,037	944,037	—
End of year	\$ 965,012	\$ 1,119,550	\$ 154,538

CITY OF SAINT CHARLES, MISSOURI

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL NEIGHBORHOOD IMPROVEMENT DISTRICT DEBT SERVICE FUND For The Year Ended December 31, 2005

	Revised Final Budget	Actual	Variance With Final Budget - Positive (Negative)
Revenues			
Special assessment	\$ 260,000	\$ 267,515	\$ 7,515
Interest on investments	—	1,317	1,317
Total Revenues	260,000	268,832	8,832
Expenditures			
Interest and fiscal charges	260,000	(12,018)	272,018
Bond issue costs	—	133,338	(133,338)
Total Expenditures	260,000	121,320	138,680
Revenues Over Expenditures	—	147,512	147,512
Other Financing Sources			
Transfers in	—	28,619	28,619
Proceeds from debt issuance	—	347,000	347,000
Total Other Financing Sources	—	375,619	375,619
Net Change In Fund Balances	—	523,131	523,131
Fund Balances			
Beginning of year	6,938	6,938	—
End of year	\$ 6,938	\$ 530,069	\$ 523,131

CITY OF SAINT CHARLES, MISSOURI

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL CONVENTION FACILITIES FUND For The Year Ended December 31, 2005

	Revised Final Budget	Actual	Variance With Final Budget - Positive (Negative)
Revenues			
Intergovernmental revenue from St. Charles County Convention and Sports Facilities Authority	\$ 145,387	\$ 211,373	\$ 65,986
Interest	8,134	246,744	238,610
Total Revenues	153,521	458,117	304,596
Expenditures			
Capital outlay: Convention Center	13,369,779	10,934,242	2,435,537
Revenues Over (Under) Expenditures	(13,216,258)	(10,476,125)	2,740,133
Other Financing Sources			
Operating transfers out	—	(996,725)	(996,725)
Net Change In Fund Balances	(13,216,258)	(11,472,850)	1,743,408
Fund Balances			
Beginning of year	13,216,258	13,216,258	—
End of year	\$ —	\$ 1,743,408	\$ 1,743,408

CITY OF SAINT CHARLES, MISSOURI

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL CAPITAL IMPROVEMENT FUND For The Year Ended December 31, 2005

	Revised Final Budget	Actual	Variance With Final Budget - Positive (Negative)
Revenues			
Taxes, including interest and penalties:			
Sales	\$ 5,060,000	\$ 4,798,564	\$ (261,436)
Federal, state and county grants	38,140	9,288	(28,852)
Total Revenues	5,098,140	4,807,852	(290,288)
Expenditures			
Capital outlay:			
Administrative	841,099	237,906	603,193
Street improvements	8,577,306	4,379,275	4,198,031
Fire department	1,189,939	774,212	415,727
Police department	615,422	118,889	496,533
Total Capital Outlay	11,223,766	5,510,282	5,713,484
Debt Service:			
Principal retirement	215,000	215,000	—
Interest and fiscal charges	18,000	17,201	799
Total Expenditures	11,456,766	5,742,483	5,714,283
Revenues Over (Under) Expenditures	(6,358,626)	(934,631)	5,423,995
Other Financing Sources			
Transfers in	130,000	130,000	—
Proceeds from sale of fixed assets	15,000	59,075	44,075
Total Other Financing Sources	145,000	189,075	44,075
Net Change In Fund Balances	(6,213,626)	(745,556)	5,468,070
Fund Balances			
Beginning of year	6,326,275	6,326,275	—
End of year	\$ 112,649	\$ 5,580,719	\$ 5,468,070

CITY OF SAINT CHARLES, MISSOURI

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL SPECIAL STREET CONSTRUCTION FUND For The Year Ended December 31, 2005

	Revised Final Budget	Actual	Variance With Final Budget - Positive (Negative)
Revenues			
Federal, state and county grants	\$ 12,880,999	\$ 4,608,350	\$ (8,272,649)
Expenditures			
Capital outlay:			
Bridges	371,000	—	371,000
Street improvements	10,802,350	4,392,325	6,410,024
Total Expenditures	11,173,350	4,392,325	6,781,024
Revenues Over (Under) Expenditures	1,707,649	216,025	(1,491,625)
Fund Balances			
Beginning of year	(1,707,649)	(1,707,649)	—
End of year	\$ —	\$ (1,491,624)	\$ (1,491,625)

CITY OF SAINT CHARLES, MISSOURI

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL STREET CONSTRUCTION FUND For The Year Ended December 31, 2005

	Revised Final Budget	Actual	Variance With Final Budget - Positive (Negative)
Revenues			
Taxes, including interest and penalties:			
Gaming	\$ 5,003,119	\$ 5,003,119	\$ —
Expenditures			
Capital outlay:			
Land	500,000	133,916	366,084
Street improvements	8,049,463	2,168,249	5,881,214
Other improvements	384,000	89,854	294,146
Total Capital Outlay	8,933,463	2,392,019	6,541,444
Debt Service:			
Principal retirement	1,015,000	1,015,000	—
Interest and fiscal charges	82,000	78,111	3,889
Total Expenditures	10,030,463	3,485,130	6,545,333
Revenues Over (Under) Expenditures	(5,027,344)	1,517,989	6,545,333
Fund Balances			
Beginning of year	5,037,451	5,037,451	—
End of year	\$ 10,107	\$ 6,555,440	\$ 6,545,333

CITY OF SAINT CHARLES, MISSOURI

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL MAJOR FACILITIES FUND For The Year Ended December 31, 2005

	Revised Final Budget	Actual	Variance With Final Budget - Positive (Negative)
Revenues			
Taxes, including interest and penalties:			
Gaming	\$ 1,486,579	\$ 1,486,579	\$ —
Expenditures			
General government:			
Administration	30,000	30,000	—
Public works	23,000	19,582	3,418
Total General Government	53,000	49,582	3,418
Capital outlay:			
Administrative	519	519	—
Parking garage	75,146	13,210	61,936
Building maintenance	803,529	428,291	375,238
Tourism	2,824	2,824	—
Economic Development	121,448	121,448	—
Parks	1,410,674	54,699	1,355,975
Total Capital Outlay	2,414,140	620,991	1,793,149
Debt Service:			
Principal retirement	70,000	70,000	—
Interest and fiscal charges	197,884	145,573	52,311
Total Expenditures	2,735,024	886,146	1,848,878
Revenues Over (Under) Expenditures	(1,248,445)	600,433	1,848,878
Fund Balances			
Beginning of year	1,248,502	1,248,502	—
End of year	\$ 57	\$ 1,848,935	\$ 1,848,878

CITY OF SAINT CHARLES, MISSOURI

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
NEIGHBORHOOD IMPROVEMENT
DISTRICT FUND
For The Year Ended December 31, 2005**

	Revised Final Budget	Actual	Variance With Final Budget - Positive (Negative)
Revenues			
Interest	\$ —	\$ 47,237	\$ 47,237
Expenditures			
Capital outlay:			
Administrative	9,008,000	1,150,000	7,858,000
Debt Service:			
Bond issue costs	140,000	—	140,000
Total Expenditures	9,148,000	1,150,000	7,998,000
Revenues Over (Under) Expenditures	(9,148,000)	(1,102,763)	8,045,237
Other Financing Sources (Uses)			
Transfers out	—	(28,619)	(28,619)
Proceeds from debt issuance	7,870,000	7,558,000	(312,000)
Total Other Financing Sources (Uses)	7,870,000	7,529,381	(340,619)
Net Change In Fund Balances	(1,278,000)	6,426,618	7,704,618
Fund Balances			
Beginning of year	1,478,619	1,478,619	—
End of year	\$ 200,619	\$ 7,905,237	\$ 7,704,618

Fiduciary Funds

Fiduciary funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units and other funds.

Agency Funds

Agency funds are used to account for the changes in assets and liabilities related to contractor's guarantee, bail bond deposits and the Mark Twain Mall Transportation Development District (TDD).

CITY OF SAINT CHARLES, MISSOURI

COMBINING STATEMENT OF ASSETS AND LIABILITIES - FIDUCIARY (AGENCY) FUNDS December 31, 2005

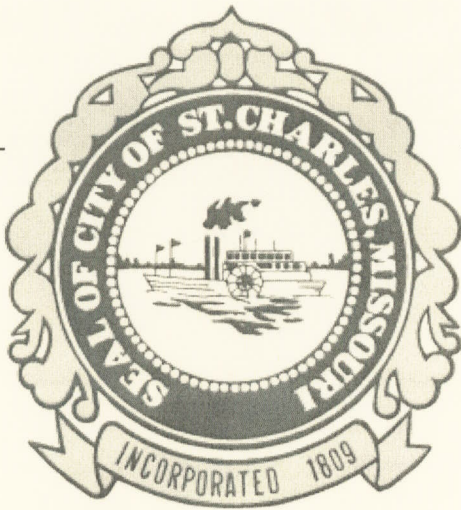
	Contractors' Guarantee	Bail Bond	Mark Twain Mall TDD	Total
Assets				
Cash and investments - restricted	\$ 438,114	\$ 55,420	\$ 94,197	\$ 587,731
Liabilities				
Due to other taxing districts	\$ —	\$ —	\$ 94,197	\$ 94,197
Deposits payable held in escrow	438,114	55,420	—	493,534
Total Liabilities	\$ 438,114	\$ 55,420	\$ 94,197	\$ 587,731

CITY OF SAINT CHARLES, MISSOURI

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - FIDUCIARY (AGENCY) FUNDS For The Year Ended December 31, 2005

	Balance - December 31, 2004	Additions	Deductions	Balance - December 31, 2005
Contractor's Guarantee				
Assets - cash and investments - restricted	\$ 401,673	\$ 74,080	\$ 37,639	\$ 438,114
Liabilities - deposits payable held in escrow	\$ 401,673	\$ 74,080	\$ 37,639	\$ 438,114
Bail Bond				
Assets - cash and investments - restricted	\$ 71,600	\$ 353,032	\$ 369,212	\$ 55,420
Liabilities - deposits payable held in escrow	\$ 71,600	\$ 353,032	\$ 369,212	\$ 55,420
Mark Twain Mall TDD				
Assets - cash and investments - restricted	\$ 85,798	\$ 565,263	\$ 556,864	\$ 94,197
Liabilities - due to other taxing districts	\$ 85,798	\$ 565,263	\$ 556,864	\$ 94,197
Totals - All Agency Funds				
Assets:				
Cash and investments - restricted	\$ 559,071	\$ 992,375	\$ 963,715	\$ 587,731
Liabilities:				
Due to other taxing units	\$ 85,798	\$ 565,263	\$ 556,864	\$ 94,197
Deposits payable held in escrow	473,273	427,112	406,851	493,534
Total Liabilities	\$ 559,071	\$ 992,375	\$ 963,715	\$ 587,731

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Part III – Statistical Section

CITY OF SAINT CHARLES, MISSOURI

TABLE 1

GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION⁽¹⁾
LAST TEN FISCAL YEARS

Fiscal Year	General Governmental ⁽²⁾	Public Safety	Public Works	Convention Center	Public Improvements	Public Parks	Capital Outlay	Debt Service	Total
1996	\$ 5,529,560	\$ 13,485,108	\$ 685,272	\$ —	\$ 5,053,693	\$ 1,833,157	\$ 11,238,347	\$ 2,783,276	\$ 40,608,413
1997	7,286,913	14,421,723	596,117	—	6,488,589	1,985,650	11,425,884	2,485,003	44,689,879
1998	7,036,828	15,499,623	1,683,500	—	3,008,908	2,142,314	16,126,597	3,689,851	49,187,621
1999	7,345,239	16,377,247	825,384	—	3,541,469	2,225,337	26,907,435	3,283,904	60,506,015
2000	7,780,687	16,512,818	714,752	—	3,728,455	2,293,094	27,289,071	4,276,877	62,595,754
2001 ⁽³⁾	13,312,950	27,881,774	1,116,333	—	5,239,185	3,531,074	30,931,798	8,092,537	90,105,651
2002	9,688,182	20,420,608	1,191,357	—	3,856,062	2,358,496	32,491,766	5,591,406	75,597,877
2003	11,219,961	23,351,680	806,913	—	4,479,928	2,617,052	30,968,398	7,147,372	80,591,304
2004	11,797,360	24,681,921	876,249	650,473	4,028,280	2,832,115	44,238,387	7,970,821	97,075,606
2005	11,659,958	25,205,711	912,606	901,031	4,071,670	3,102,441	26,284,138	7,912,928	80,050,483

(1) Includes all governmental fund types on a GAAP basis.

(2) Includes administrative, finance, purchasing and other functions.

(3) Fiscal period 2001 consisted of 18 months.

CITY OF SAINT CHARLES, MISSOURI

TABLE 2

GENERAL GOVERNMENTAL REVENUES BY SOURCE⁽¹⁾
LAST TEN FISCAL YEARS

Fiscal Year	Taxes	Federal, State, And County Grants And Entitlements	Special Assessments	Intergovernmental Revenue From St. Charles County Convention And Sports Facilities Authority	Licenses, Permits, Fines And Fees	Interest On Investments	Other	Total
1996	\$ 34,186,690	\$ 3,594,460	\$ —	\$ —	\$ 3,079,336	\$ 1,634,904	\$ 708,038	\$ 43,203,428
1997	36,231,202	4,729,291	—	—	3,288,891	2,251,327	604,616	47,105,327
1998	37,637,191	3,974,095	—	—	3,445,671	2,987,686	801,045	48,845,688
1999	37,163,725	6,284,632	—	—	3,379,253	2,431,506	1,354,172	50,613,288
2000	40,499,300	3,878,885	—	—	3,530,615	1,861,721	430,255	50,200,776
2001 ⁽²⁾	66,579,519	2,081,615	—	—	5,632,529	4,202,226	555,898	79,051,787
2002	49,081,643	3,690,620	—	—	3,993,485	1,454,299	977,270	59,197,317
2003	54,756,638	4,507,637	—	15,690,870	4,791,018	622,479	804,488	81,173,130
2004	56,729,806	3,762,773	—	1,379,989	5,122,260	880,484	694,296	68,569,608
2005	57,732,529	5,599,826	267,515	1,451,851	6,016,817	1,344,486	734,792	73,147,816

(1) Includes all governmental fund types on a GAAP basis.

(2) Fiscal period 2001 consisted of 18 months.

CITY OF SAINT CHARLES, MISSOURI

TABLE 3

GENERAL GOVERNMENTAL TAX REVENUE BY SOURCE LAST TEN FISCAL YEARS

Fiscal Year	Property	Sales	Gaming	Utility	Cigarette	Financial Institution	Gasoline And Motor Fuel	County Road And Bridge	Hotel Tax ⁽¹⁾	Cable Television Franchise	Tourism	Total
1996	\$ 5,920,454	\$ 10,607,164	\$ 8,507,640	\$ 5,002,459	\$ 505,482	\$ 57,466	\$ 1,676,942	\$ 735,196	\$ —	\$ 127,617	\$ 1,046,271	\$ 34,186,691
1997	6,219,430	11,426,416	9,034,349	5,106,599	412,128	21,286	1,932,666	781,854	—	137,706	1,158,768	36,231,202
1998	6,986,906	13,187,373	7,375,675	5,395,206	465,363	9,468	1,998,529	847,486	—	148,767	1,222,418	37,637,191
1999	7,130,467	12,759,065	7,031,794	5,465,035	468,274	2,592	2,024,752	865,855	—	159,131	1,256,760	37,163,725
2000	7,897,395	14,304,882	7,732,725	5,664,259	495,934	2,315	2,077,857	905,671	—	177,363	1,240,900	40,499,301
2001 ⁽²⁾	16,308,462	20,879,224	12,656,442	9,395,803	735,712	4,651	3,228,236	955,180	—	323,190	2,092,619	66,579,519
2002	10,031,257	15,352,471	12,084,462	6,039,865	475,110	14,679	2,308,617	977,914	—	291,909	1,505,359	49,081,643
2003	11,269,698	15,855,979	15,385,644	6,268,383	493,746	74	2,453,938	1,018,605	81,994	341,319	1,587,258	54,756,638
2004	11,906,465	15,763,946	16,710,022	6,191,551	456,516	24,954	2,512,496	1,005,356	122,061	419,016	1,617,423	56,729,806
2005	12,515,851	16,161,565	16,302,297	6,396,789	471,555	17,874	2,480,639	1,038,974	156,048	448,867	1,742,070	57,732,529

(1) First year of the tax was 1992, tax was suspended during fiscal year 1993 until 2003 when a portion of the tax was reinstated.

(2) Fiscal period 2001 consisted of 18 months.

CITY OF SAINT CHARLES, MISSOURI

TABLE 4

PROPERTY TAX LEVIES AND COLLECTIONS LAST TEN FISCAL YEARS

Tax Year	Total Tax Levy	Current Tax Collections	Percent Of Current Tax Collections	Delinquent Tax Collections	Total Tax Collections	Ratio Of Total Tax Collections To Total Tax Levy	Delinquent And Protested Taxes	Ratio Of Delinquent And Protested Taxes To Total Tax Levy
1996	\$ 6,136,270	\$ 5,833,008	95.1%	\$ 129,878	\$ 5,962,886	97.2%	\$ 191,737	3.1%
1997	6,783,289	6,479,182	95.5%	144,277	6,623,459	97.6%	186,147	2.7%
1998	6,830,221	6,543,704	95.8%	134,128	6,677,833	97.7%	169,559	2.5%
1999	7,400,800	7,095,500	95.9%	138,058	7,233,558	97.7%	151,007	2.0%
2000 + 2001 ⁽¹⁾	15,829,579	14,974,792	94.6%	168,546	15,143,338	95.7%	601,464	3.8%
2002	8,463,017	7,615,775	90.0%	448,225	8,064,000	95.3%	616,224	7.3%
2003	9,456,401	8,784,640	92.9%	448,881	9,233,521	97.6%	602,926	6.4%
2004	9,621,878	9,045,901	94.0%	479,090	9,524,991	99.0%	535,157	5.6%
2005	10,446,361	9,594,506	91.8%	491,248	10,085,754	96.5%	713,778	6.8%

(1) 2000 and 2001 have been combined because the fiscal period consisted of eighteen months which includes tax levies for both years.

CITY OF SAINT CHARLES, MISSOURI

TABLE 5

ASSESSED AND ESTIMATED ACTUAL VALUE OF PROPERTY LAST TEN FISCAL YEARS

Tax Year	Real Estate		Personal Property		Railroad And Utility		Total		Ratio Of
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Total Assessed Value To Total Estimated Actual Value
1996	\$ 424,232,841	\$ 1,974,767,823	\$ 136,170,175	\$ 412,363,894	\$ 15,114,150	\$ 45,800,455	\$ 575,517,166	\$ 2,432,932,172	23.7%
1997	486,853,338	2,465,492,195	146,814,895	444,893,621	15,012,375	45,492,045	648,680,608	2,955,877,861	21.9%
1998	500,892,164	2,315,631,702	148,398,014	449,690,952	15,440,103	46,788,191	664,730,281	2,812,110,845	23.6%
1999	555,688,170	2,575,726,609	157,895,068	478,469,903	15,312,857	46,402,597	728,896,095	3,100,599,109	23.5%
2000	575,376,606	2,662,012,813	159,937,910	484,660,333	15,546,918	47,111,873	750,861,434	3,193,785,019	23.5%
2001	640,054,857	2,960,191,585	162,449,512	492,271,248	16,265,777	49,290,233	818,770,146	3,501,753,066	23.4%
2002	650,850,441	2,984,606,387	178,429,580	540,695,697	15,266,430	46,261,909	844,546,451	3,571,563,993	23.6%
2003	752,746,222	3,458,365,333	177,814,932	538,833,127	14,997,160	45,445,939	945,558,314	4,042,644,399	23.4%
2004	776,584,010	3,567,311,998	167,852,241	508,643,155	16,182,747	49,038,627	960,618,998	4,124,993,780	23.3%
2005	907,423,979	4,185,121,292	174,860,426	529,880,079	16,813,040	50,948,606	1,099,097,445	4,765,949,977	23.1%

CITY OF SAINT CHARLES, MISSOURI

TABLE 6

PROPERTY TAX RATES DIRECT AND OVERLAPPING GOVERNMENTS LAST TEN FISCAL YEARS

Tax Year	City Of St. Charles			St. Charles School District			County Of St. Charles				Other	Total
	Operating	Debt Service	Total City	Operating	Debt Service	Total District	Operating	Debt Service	Road And Bridge	Total County		
1996	0.8900	0.1500	1.0400	3.6500	0.4100	4.0600	0.0300	0.0300	0.2700	0.3300	0.9000	6.3300
1997	0.8800	0.1400	1.0200	3.5200	0.4900	4.0100	0.0300	0.0300	0.2600	0.3200	0.8400	6.1900
1998	0.8800	0.1200	1.0000	3.8200	0.4500	4.2700	0.0200	0.0200	0.2600	0.3000	0.8700	6.4400
1999	0.8900	0.1000	0.9900	3.8200	0.4500	4.2700	0.0100	0.0200	0.2500	0.2800	0.8800	6.4200
2000	0.8900	0.1000	0.9900	3.7200	0.5500	4.2700	0.0100	0.0100	0.2500	0.2700	0.8800	6.4100
2001	0.8707	0.1000	0.9707	3.6086	0.6614	4.2700	0.0080	0.0013	0.2400	0.2493	0.8605	6.3505
2002	0.8707	0.1000	0.9707	3.6199	0.6501	4.2700	0.0075	—	0.2400	0.2475	0.8765	6.3647
2003	0.8200	0.1500	0.9700	3.4052	1.1648	4.5700	0.0050	—	0.2250	0.2300	0.8240	6.5940
2004	0.8200	0.1500	0.9700	3.3900	1.1800	4.5700	0.0040	—	0.2250	0.2290	0.8240	6.5930
2005	0.7640	0.1560	0.9200	3.1700	1.3000	4.4700	0.0030	—	0.2148	0.2178	0.7737	6.3815

CITY OF SAINT CHARLES, MISSOURI

TABLE 7

**RATIO OF NET GENERAL OBLIGATION BONDED DEBT TO
ASSESSED VALUE AND NET GENERAL OBLIGATION BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS**

Fiscal Year	Population ⁽¹⁾	Assessed Value	Gross Bonded Debt	Less Debt Service Fund	Net Bonded Debt	Ratio Of Net Bonded Debt To Assessed Value	Net Bonded Debt Per Capita
1996	56,525	\$ 545,449,256	\$ 7,920,000	\$ 657,748	\$ 7,262,252	1.33%	\$ 128.48
1997	57,500	575,517,166	7,655,000	906,644	6,748,356	1.17%	117.36
1998	58,500	648,680,608	7,325,000	1,124,025	6,200,975	0.96%	106.00
1999	59,400	664,730,281	6,930,000	1,187,928	5,742,072	0.86%	96.67
2000	60,321	728,896,095	6,505,000	1,175,885	5,329,115	0.73%	88.35
2001	60,580	818,770,146	20,415,000	1,697,232	18,717,768	2.29%	308.98
2002	60,804	844,546,451	19,680,000	1,073,948	18,606,052	2.20%	306.00
2003	60,883	945,558,314	18,695,000	1,524,432	17,170,568	1.82%	282.03
2004	61,402	960,618,998	20,375,000	1,639,881	18,735,119	1.95%	305.12
2005	61,411	1,099,097,445	27,555,000	2,429,795	25,125,205	2.29%	409.13

(1) The population figure for 2000 is based on actual United States Census Bureau data; 2001 through 2005 were based on United States Census Bureau estimates; all others are City of St. Charles estimates.

CITY OF SAINT CHARLES, MISSOURI

TABLE 8

**RATIO OF ANNUAL DEBT SERVICE EXPENDITURES
FOR GENERAL OBLIGATION BONDED DEBT TO
TOTAL GENERAL GOVERNMENTAL EXPENDITURES
LAST TEN FISCAL YEARS**

Fiscal Year	Principal	Interest	Total Debt Service	Total General Governmental Expenditures	Ratio Of Debt Service To General Governmental Expenditures
1996	\$ 205,000	\$ 410,231	\$ 615,231 ⁽¹⁾	\$ 40,608,413	1.52%
1997	265,000	376,287	641,287	44,689,879	1.43%
1998	330,000	399,648	729,648	49,187,621	1.48%
1999	395,000	379,861	774,861	60,506,015	1.28%
2000	425,000	359,694	784,694	62,595,752	1.25%
2001 ⁽²⁾	775,000	435,803	1,210,803 ⁽¹⁾	90,105,651	1.34%
2002	735,000	1,302,000	2,037,000	75,597,877	2.69%
2003	1,005,000	852,820	1,857,820	80,519,304	2.31%
2004	1,615,000	761,538	2,376,538 ⁽¹⁾	97,075,606	2.45%
2005	725,000	726,087	1,451,087	80,050,483	1.81%

(1) Excludes payment to refunded bond escrow agent.

(2) Fiscal period 2001 consisted of 18 months.

CITY OF SAINT CHARLES, MISSOURI

TABLE 9

**COMPUTATION OF DIRECT AND OVERLAPPING DEBT
GENERAL OBLIGATION BONDS
December 31, 2005**

Jurisdiction	Outstanding General Obligation Indebtedness	% Applicable To City	Amount Applicable To City
Direct:			
City of St. Charles	\$ 27,555,000	100.00%	\$ 27,555,000
Overlapping:			
St. Charles County Community College	46,580,000	17.56%	8,179,448
St. Charles R-VI School District	71,617,236	84.75%	60,695,608
St. Charles County Ambulance District	11,965,000	17.47%	2,090,286
Francis Howell R-III School District	182,208,987	11.73%	21,373,114
St. Charles County R-V School District	14,095,000	76.22%	10,743,209
Total Overlapping	326,466,223	31.57%	103,081,665
	<u>\$ 354,021,223</u>		<u>\$ 130,636,665</u>

SOURCES: Offices of the political subdivisions and the St. Charles County Collector.

CITY OF SAINT CHARLES, MISSOURI

TABLE 10

**REVENUE BOND COVERAGE
WATERWORKS AND SANITARY SEWER FUNDS
LAST TEN FISCAL YEARS**

Fiscal Year	Operating Revenues	Operating Expenses ⁽¹⁾	Net Revenue Available For Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
1996	\$ 7,796,133	\$ 4,352,089	\$ 3,444,044	\$ —	\$ —	\$ —	N/A
1997	7,760,180	4,225,288	3,534,892	—	—	—	N/A
1998	8,127,514	4,790,119	3,337,395	—	—	—	N/A
1999	8,307,362	4,949,453	3,357,909	—	—	—	N/A
2000	8,515,033	4,947,109	3,567,924	—	—	—	N/A
2001 ⁽²⁾	13,490,081	8,311,463	5,178,618	—	—	—	N/A
2002	9,891,986	6,177,076	3,714,910	—	—	—	N/A
2003	10,142,177	7,026,029	3,116,148	—	—	—	N/A
2004	11,096,741	6,990,252	4,106,489	—	—	—	N/A
2005	12,212,719	7,149,473	5,063,246	—	—	—	N/A

(1) Total operating expenses exclusive of depreciation.

(2) Fiscal period 2001 consisted of 18 months.

CITY OF SAINT CHARLES, MISSOURI**TABLE 11**

**SPECIAL ASSESSMENT BILLINGS AND COLLECTIONS
LAST TEN FISCAL YEARS**

Fiscal Year	Special Assessment Billings	Special Assessments Collected
2005 ⁽¹⁾	\$ 267,515	\$ 267,515

(1) The first billings for special assessment began in 2005.

CITY OF SAINT CHARLES, MISSOURI

TABLE 12

PRINCIPAL TAX PAYERS

December 31, 2005

Taxpayer	Type Of Business	2005 Assessed Valuation	Percentage Of Total Assessed Valuation
Ameristar Casino St. Charles, Inc.	Gaming/Entertainment	\$ 64,249,689	5.85%
Boeing Company	Electronics and Missile Mfg.	15,397,005	1.40%
Greater Missouri Builders, Inc. ⁽¹⁾	Various Property Holdings	10,959,618	1.00%
Johnston Coca Cola Bottling Group Inc. ⁽¹⁾	Distribution Warehouse	6,513,563	0.59%
Sterling Sun Valley Apartments NF LLC	Sun Valey Lake apartments	6,304,590	0.57%
Hammons John Q Revocable Trust ⁽¹⁾	Embassy Suites	5,730,800	0.52%
CAPLACO Fourteen, Inc. Dierbergs Properties	Dierbergs Stores	5,621,290	0.51%
Mullenix St. Charles Properties, LP	time Centre Apartments	4,462,060	0.41%
RReef Villages of Bogey Hills, LP	Villages of Bogey Hills Apartments	4,433,990	0.40%
Remington apartments Association LP	Remington apartments	4,304,240	0.39%
Total		<u>\$ 127,976,845</u>	<u>11.64%</u>

(1) A portion of the 2005 assessed valuation for Greater Missouri Builders, Inc. and all of the assessed valuation for Johnston Coca Cola Bottling Group, Inc. and Hammonds John Q Revocable Trust are located within a tax increment financing district. A portion of the revenues generated are incremental revenues that may be used solely for payment of redevelopment project costs.

CITY OF SAINT CHARLES, MISSOURI**TABLE 13****DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS**

Fiscal Year	Population ⁽¹⁾	Per Capita Income ⁽²⁾	School Enrollment ⁽³⁾	Unemployment Rate ⁽⁴⁾
1996	56,525	\$ 15,626	6,626	3.0%
1997	57,500	15,626	6,621	2.8%
1998	58,500	15,626	6,368	3.2%
1999	59,400	23,607	6,205	2.5%
2000	60,321	23,607	6,190	2.0%
2001	60,580	23,607	5,812	3.5%
2002	60,804	23,607	5,892	3.6%
2003	60,883	23,607	5,874	3.9%
2004	61,402	23,607	5,859	3.7%
2005	61,411	23,607	5,652	4.1%

(1) The population figure for 2000 is based on actual United States Census Bureau data; 2001 through 2005 were based on United States Census Bureau estimates; all others are City of St. Charles estimates.

(2) City of St. Charles Development Department (updated information not available subsequent to 1999).

(3) St. Charles City Board of Education.

(4) Division of Employment Security.

CITY OF SAINT CHARLES, MISSOURI

TABLE 14

PROPERTY VALUE, CONSTRUCTION AND BANK DEPOSITS LAST TEN FISCAL YEARS

Fiscal Year	Property Values			Commercial Construction		Residential Construction		Bank Deposits
	Commercial	Residential	Total	Number Of Units	Value	Number Of Units	Value	
1996	\$ 115,529,567	\$ 292,008,855	\$ 407,538,422	25	\$ 21,251,890	592	\$ 50,656,241	\$ 818,524,336
1997	121,168,073	303,064,768	424,232,841	40	81,510,531	320	28,176,507	776,804,776
1998	143,967,180	342,886,158	486,853,338	70	21,994,283	239	21,527,198	800,391,468
1999	150,520,330	350,371,834	500,892,164	79	38,464,539	353	32,789,210	809,596,498
2000	163,850,509	391,837,661	555,688,170	44	51,074,058	280	26,629,447	962,198,173
2001 ⁽¹⁾	192,676,853	447,378,004	640,054,857	43	78,737,498	300	41,450,214	880,432,103
2002	199,520,259	451,330,182	650,850,441	12	18,857,220	199	54,617,894	929,894,133
2003	236,287,498	516,458,724	752,746,222	20	15,439,647	171	22,989,294	944,016,801
2004	244,765,110	531,818,950	776,584,060	16	53,655,490	595	62,978,435	880,763,814
2005	278,329,079	629,094,900	907,423,979	49	48,103,905	472	71,980,650	965,732,036

SOURCE: St. Charles County Assessor, City Development and local banks.

(1) Fiscal period 2001 consisted of 18 months.

CITY OF SAINT CHARLES, MISSOURI

TABLE 15

MISCELLANEOUS STATISTICS AND OTHER INFORMATION December 31, 2005

Date of Incorporation	November 2, 1809	Sewer System:	
Form of Government	Home Rule Charter	Miles of sanitary sewers	275
Number of employees:		Miles of storm sewers	142
Classified	343	Number of treatment plants	2
Exempt	77	Number of service connectors	29,973
Area in Square Miles	24	Daily average treatment in gallons	9,300,000
		Maximum daily capacity of treatment in gallons	12,800,000
City of St. Charles facilities and service:			
Miles of streets	259		
Culture and Recreation:		Water System:	
Parks	19	Miles of water mains	286
Park acreage	671	Number of service connections	29,364
Swimming pool	3	Number of fire hydrants	2,298
Basketball courts	3	Daily average consumption in gallons	7,634,715
Tennis courts	10		
Ball diamonds	24	Maximum daily capacity of pumping	
Soccer fields	19	stations in gallons	36,000,000
Horseshoe courts	16		
Sand volleyball courts	4	Facilities and services not included in the	
		reporting entity:	
Fire Protection:		Education:	
Number of stations	5	Number of elementary schools	7
Number of fire department personnel	85	Number of elementary school instructors	199
Number of calls answered	6,983	Number of middle and high schools	4
Number of inspections conducted	1,140	Number of middle and high school instructors	270
		Number of colleges	2
Police Protection:		Vocational instructors	21
Number of stations	1		
Number of police department personnel	153	Hospitals:	
Number of patrol units	70	Number of hospitals	1
Number of law violations:			
Physical arrests		Number of patient beds	364
	Adult		
	Juvenile		
	4,881		
	548		
	5,429		
Traffic violations	Tickets		
	Accident		
	20,959		
	2,326		
	23,285		